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CITY OF ABBEVILLE, LOUISIANA

Financial Report

Year Ended December 31, 2002

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Release Date 8/6/03

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Darnall, Sikes & FrederickSM

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

We have audited the accompanying primary government financial statements of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the City of Abbeville, Louisiana, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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However, the primary government financial statements, because they do not include the financial data of component units of the City of Abbeville, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Abbeville, Louisiana, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

⁹In accordance with Government Auditing Standards, we have also issued a report dated May 22, 2003, on our consideration of the City of Abbeville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the primary government financial statements of the City of Abbeville, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations", and is also not a required part of the primary government financial statements of the City of Abbeville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole, except that:

1. We have not audited the insurance coverage data and we express no opinion on it, and
2. Information as to the number of metered utility customers is based on unaudited data obtained from the City's records, on which we express no opinion.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the primary government financial statements of the City of Abbeville, Louisiana.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 22, 2003

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

CITY OF ABBEVILLE, LOUISIANA

Combined Balance Sheet – All Fund Types and Account Groups

December 31, 2002

(With Comparative Totals for December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 91,105	\$ -	\$ -	\$ 66,856
Interest-bearing deposits	59,395	496,182	127,882	-
Investments	15,000	200,000	-	-
Receivables:				
Accounts	4,317	-	-	-
Ad valorem taxes	37,640	9,409	-	-
Franchise fees	122,137	-	-	-
Sales tax	-	211,654	-	-
Other	5	13,461	-	-
Due from other funds	19,642	1,676	-	-
Due from other governmental units	36,760	-	-	2,265
Prepaid expenses	-	-	-	-
Inventories	2,285	-	-	-
Advances to other funds	-	460,000	-	-
Restricted assets:				
Interest-bearing deposits	-	-	-	-
Investments	-	-	-	-
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Equipment	-	-	-	-
Utility property, plant and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 388,286</u>	<u>\$ 1,392,382</u>	<u>\$ 127,882</u>	<u>\$ 69,121</u>

The accompanying notes constitute an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt	2002	2001
\$ 40,436	\$ -	\$ -	\$ -	\$ -	\$ 198,397	\$ 80,106
417,631	423,112	46,034	-	-	1,570,236	1,650,000
-	50,000	-	-	-	265,000	440,000
1,509,818	-	-	-	-	1,514,135	1,303,803
-	-	-	-	-	47,049	49,426
-	-	-	-	-	122,137	-
-	-	-	-	-	211,654	194,365
121	68,353	-	-	-	81,940	303,326
-	-	5,263	-	-	26,581	213,784
1,611,192	-	-	-	-	1,650,217	154,434
-	63,333	-	-	-	63,333	62,725
146,052	-	-	-	-	148,337	154,049
-	-	-	-	-	460,000	520,000
351,229	-	-	-	-	351,229	112,475
400,000	-	-	-	-	400,000	650,000
-	-	-	622,229	-	622,229	519,601
-	-	-	2,543,738	-	2,543,738	2,543,738
-	-	-	10,684,273	-	10,684,273	10,679,867
-	-	-	3,040,356	-	3,040,356	2,734,803
30,502,300	-	-	-	-	30,502,300	28,864,173
(18,395,613)	-	-	-	-	(18,395,613)	(17,561,103)
-	-	-	-	127,364	127,364	120,276
-	-	-	-	1,120,906	1,120,906	1,631,879
<u>\$ 16,583,166</u>	<u>\$ 604,798</u>	<u>\$ 51,297</u>	<u>\$ 16,890,596</u>	<u>\$ 1,248,270</u>	<u>\$ 37,355,798</u>	<u>\$ 35,421,727</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Combined Balance Sheet – All Fund Types and Account Groups – Continued
December 31, 2002
(With Comparative Totals for December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY, & OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 156,900	\$ 214,825	\$ 518	\$ -
State sales tax payable	-	-	-	-
Retainage payable	-	-	-	22,652
Accrued salaries payable	69,245	-	-	-
Other accrued liabilities	20,239	-	-	-
Due to other funds	6,939	17,630	-	2,012
Deferred revenue	2,474	-	-	41,282
Due to other governmental units	17,450	-	-	3,175
Capital lease payable	-	-	-	-
Note payable	-	-	-	-
Payable from restricted assets:				
Refunding bonds payable - net	-	-	-	-
Accrued interest payable	-	-	-	-
Customers' deposits	-	-	-	-
Compensated absences payable	-	-	-	-
Refunding bonds payable - net	-	-	-	-
Certificates of indebtedness payable	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>273,247</u>	<u>232,455</u>	<u>518</u>	<u>69,121</u>
Equity and Other Credits:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Designated for claims	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for inventory	2,285	-	-	-
Reserved for interfund advance	-	460,000	-	-
Reserved for debt service	-	-	127,364	-
Unreserved -				
Undesignated	<u>112,754</u>	<u>699,927</u>	<u>-</u>	<u>-</u>
Total equity and other credits	<u>115,039</u>	<u>1,159,927</u>	<u>127,364</u>	<u>-</u>
Total liabilities, equity and other credits	<u>\$ 388,286</u>	<u>\$ 1,392,382</u>	<u>\$ 127,882</u>	<u>\$ 69,121</u>

The accompanying notes constitute an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types Agency	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt	2002	2001
\$ 1,181,882	\$ 346,177	\$ -	\$ -	\$ -	\$ 1,900,302	\$ 1,349,216
27,964	-	-	-	-	27,964	26,220
-	-	-	-	-	22,652	5,180
30,929	2,061	-	-	-	102,235	95,511
7,966	575	51,297	-	-	80,077	79,041
-	-	-	-	-	26,581	213,784
-	-	-	-	-	43,756	7,160
-	-	-	-	-	20,625	2,466
9,581	-	-	-	-	9,581	18,620
500,000	-	-	-	-	500,000	-
642,186	-	-	-	-	642,186	612,186
3,076	-	-	-	-	3,076	5,472
435,817	-	-	-	-	435,817	426,088
-	-	-	-	260,270	260,270	612,155
100,338	-	-	-	-	100,338	742,524
-	-	-	-	988,000	988,000	1,140,000
460,000	-	-	-	-	460,000	520,000
<u>3,399,739</u>	<u>348,813</u>	<u>51,297</u>	<u>-</u>	<u>1,248,270</u>	<u>5,623,460</u>	<u>5,855,623</u>
12,560,447	-	-	-	-	12,560,447	11,815,386
-	-	-	16,890,596	-	16,890,596	16,478,009
-	255,985	-	-	-	255,985	49,244
622,980	-	-	-	-	622,980	(449,865)
-	-	-	-	-	2,285	1,073
-	-	-	-	-	460,000	520,000
-	-	-	-	-	127,364	120,276
-	-	-	-	-	812,681	1,031,981
<u>13,183,427</u>	<u>255,985</u>	<u>-</u>	<u>16,890,596</u>	<u>-</u>	<u>31,732,338</u>	<u>29,566,104</u>
<u>\$ 16,583,166</u>	<u>\$ 604,798</u>	<u>\$ 51,297</u>	<u>\$ 16,890,596</u>	<u>\$ 1,248,270</u>	<u>\$ 37,355,798</u>	<u>\$ 35,421,727</u>

(concluded)

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)	
					2002	2001
Revenues:						
Taxes	\$ 233,536	\$2,459,105	\$ -	\$ -	\$2,692,641	\$ 2,552,254
Licenses and permits	473,413	-	-	-	473,413	467,927
Intergovernmental	173,155	144,721	-	281,887	599,763	1,375,102
Charges for services	45,371	-	-	-	45,371	45,893
Fines	71,383	-	-	-	71,383	80,795
Other revenues	448,843	15,907	922	-	465,672	308,446
Total revenues	<u>1,445,701</u>	<u>2,619,733</u>	<u>922</u>	<u>281,887</u>	<u>4,348,243</u>	<u>4,830,417</u>
Expenditures:						
Current -						
General government	1,185,592	54,917	-	-	1,240,509	1,261,367
Public safety -						
Police	2,058,538	106,622	-	-	2,165,160	2,186,830
Fire	1,684,961	266,584	-	-	1,951,545	1,688,996
Highways and streets	942,077	185,041	-	-	1,127,118	1,088,119
Culture and recreation	202,222	14,087	-	-	216,309	272,177
Capital outlay	-	-	-	281,887	281,887	1,485,489
Debt Service -						
Principal retirement	-	-	165,000	-	165,000	160,000
Interest	-	-	54,823	-	54,823	62,081
Other	-	-	10,176	-	10,176	165,000
	<u>6,073,390</u>	<u>627,251</u>	<u>229,999</u>	<u>281,887</u>	<u>7,212,527</u>	<u>8,370,059</u>
Excess (deficiency) of revenues over expenditures	(4,627,689)	1,992,482	(229,077)	-	(2,864,284)	(3,539,642)
Other financing sources (uses):						
Proceeds of refunding certificates	-	-	988,000	-	988,000	-
Payment of refunding certificates	-	-	(975,000)	-	(975,000)	-
Operating transfers in	4,700,016	-	223,165	-	4,923,181	5,126,688
Operating transfers out	(986)	(1,452,123)	-	-	(1,453,109)	(1,830,959)
Total other financing sources (uses)	<u>4,699,030</u>	<u>(1,452,123)</u>	<u>236,165</u>	<u>-</u>	<u>3,470,072</u>	<u>3,295,729</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	71,341	540,359	7,088	-	618,788	(243,913)
Fund balances, beginning	43,698	1,509,356	120,276	-	1,673,330	2,103,508
Residual equity transfers to Utility System Fund	-	(889,788)	-	-	(889,788)	(186,265)
Fund balances, ending	<u>\$ 115,039</u>	<u>\$1,159,927</u>	<u>\$ 127,364</u>	<u>\$ -</u>	<u>\$1,402,330</u>	<u>\$ 1,673,330</u>

The accompanying notes constitute an integral part of this statement.

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual -
All Governmental Fund Types
Year Ended December 31, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 224,000	\$ 233,536	\$ 9,536
Licenses and permits	469,000	473,413	4,413
Intergovernmental	162,000	173,155	11,155
Charges for services	44,000	45,371	1,371
Fines	70,000	71,383	1,383
Other revenues	293,000	448,843	155,843
Total revenues	<u>1,262,000</u>	<u>1,445,701</u>	<u>183,701</u>
Expenditures:			
Current -			
General government	1,171,000	1,185,592	(14,592)
Public safety -			
Police	1,995,000	2,058,538	(63,538)
Fire	1,677,000	1,684,961	(7,961)
Highways and streets	930,000	942,077	(12,077)
Culture and recreation	195,000	202,222	(7,222)
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Paying agent fees	-	-	-
Other	-	-	-
Total expenditures	<u>5,968,000</u>	<u>6,073,390</u>	<u>(105,390)</u>
Excess (deficiency) of revenues over expenditures	(4,706,000)	(4,627,689)	78,311
Other financing sources (uses):			
Proceeds of refunding certificates	-	-	-
Payment of refunding certificates	-	-	-
Operating transfers in	4,705,000	4,700,016	(4,984)
Operating transfers out	-	(986)	(986)
Total other financing sources (uses)	<u>4,705,000</u>	<u>4,699,030</u>	<u>(5,970)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses	(1,000)	71,341	72,341
Fund balances, beginning	43,698	43,698	-
Residual equity transfers to Utility System Fund	-	-	-
Fund balances, ending	<u>\$ 42,698</u>	<u>\$ 115,039</u>	<u>\$ 72,341</u>

The accompanying notes constitute an integral part of this statement.

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,445,000	\$ 2,459,105	\$ 14,105
-	-	-
137,000	144,721	7,721
-	-	-
-	-	-
11,500	15,907	4,407
<u>2,593,500</u>	<u>2,619,733</u>	<u>26,233</u>
48,000	54,917	(6,917)
110,000	106,622	3,378
270,000	266,584	3,416
181,000	185,041	(4,041)
16,000	14,087	1,913
-	-	-
-	-	-
-	-	-
-	-	-
<u>625,000</u>	<u>627,251</u>	<u>(2,251)</u>
1,968,500	1,992,482	23,982
-	-	-
-	-	-
-	-	-
<u>(1,561,000)</u>	<u>(1,452,123)</u>	<u>108,877</u>
<u>(1,561,000)</u>	<u>(1,452,123)</u>	<u>108,877</u>
407,500	540,359	132,859
1,509,356	1,509,356	-
<u>(289,000)</u>	<u>(889,788)</u>	<u>(600,788)</u>
<u>\$ 1,627,856</u>	<u>\$ 1,159,927</u>	<u>\$ (467,929)</u>

Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
1,000	922	(78)
<u>1,000</u>	<u>922</u>	<u>(78)</u>
-	-	-
-	-	-
-	-	-
-	-	-
165,000	165,000	-
54,000	54,823	(823)
8,500	8,843	(343)
500	1,333	(833)
<u>228,000</u>	<u>229,999</u>	<u>(1,999)</u>
(227,000)	(229,077)	(2,077)
988,000	988,000	-
(975,000)	(975,000)	-
220,000	223,165	3,165
-	-	-
<u>233,000</u>	<u>236,165</u>	<u>3,165</u>
6,000	7,088	1,088
120,276	120,276	-
-	-	-
<u>\$ 126,276</u>	<u>\$ 127,364</u>	<u>\$ 1,088</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual – Continued All Governmental Fund Types Year Ended December 31, 2002

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	417,000	281,887	(135,113)
Charges for services	-	-	-
Fines	-	-	-
Other revenues	-	-	-
Total revenues	<u>417,000</u>	<u>281,887</u>	<u>(135,113)</u>
Expenditures:			
Current -	-	-	-
General government	-	-	-
Public safety -	-	-	-
Police	-	-	-
Fire	-	-	-
Highways and streets	-	-	-
Culture and recreation	417,000	281,887	135,113
Capital outlay	-	-	-
Debt service -	-	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>417,000</u>	<u>281,887</u>	<u>135,113</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Proceeds of refunding certificates	-	-	-
Payment of refunding certificates	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses	-	-	-
Fund balances, beginning	-	-	-
Residual equity transfers to Utility System Fund	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u> (concluded)

The accompanying notes constitute an integral part of this statement.

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	Enterprise Fund	Internal Service Funds	Totals (Memorandum Only)	
			2002	2001
Operating revenues:				
Charges for services -				
Electric sales and related charges	\$10,487,726	\$ -	\$10,487,726	\$11,168,673
Water sales	1,046,520	-	1,046,520	1,046,497
Sewer services	631,174	-	631,174	625,242
Premiums	-	2,104,385	2,104,385	2,208,235
Other revenues	172,458	507,425	679,883	704,102
Total operating revenues	<u>12,337,878</u>	<u>2,611,810</u>	<u>14,949,688</u>	<u>15,752,749</u>
Operating expenses:				
Electric power purchased	5,863,086	-	5,863,086	6,552,155
Electric department expenses	987,031	-	987,031	668,839
Water department expenses	793,225	-	793,225	833,225
Sewer department expenses	560,893	-	560,893	574,025
General and administrative expenses	433,133	-	433,133	463,772
Cost of services rendered	-	2,408,921	2,408,921	2,756,990
Depreciation expense	834,513	-	834,513	806,774
Total operating expenses	<u>9,471,881</u>	<u>2,408,921</u>	<u>11,880,802</u>	<u>12,655,780</u>
Operating income	<u>2,865,997</u>	<u>202,889</u>	<u>3,068,886</u>	<u>3,096,969</u>
Nonoperating revenues (expenses):				
Grants	1,611,192	-	1,611,192	-
Interest income	22,704	2,866	25,570	56,056
Interest expense	(102,168)	-	(102,168)	(129,629)
Paying agents' fees	(1,002)	-	(1,002)	(1,002)
Total nonoperating revenues (expenses)	<u>1,530,726</u>	<u>2,866</u>	<u>1,533,592</u>	<u>(74,575)</u>
Income before operating transfers	<u>4,396,723</u>	<u>205,755</u>	<u>4,602,478</u>	<u>3,022,394</u>
Operating transfers in (out):				
Operating transfers in	758,958	986	759,944	763,652
Operating transfers out	(4,230,016)	-	(4,230,016)	(4,059,381)
Total operating transfers in (out)	<u>(3,471,058)</u>	<u>986</u>	<u>(3,470,072)</u>	<u>(3,295,729)</u>
Net income (loss)	<u>925,665</u>	<u>206,741</u>	<u>1,132,406</u>	<u>(273,335)</u>
Add: Depreciation on assets acquired by capital grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>147,180</u>	<u>-</u>	<u>147,180</u>	<u>130,430</u>
Increase (decrease) in retained earnings	<u>1,072,845</u>	<u>206,741</u>	<u>1,279,586</u>	<u>(142,905)</u>
Retained earnings (deficit), beginning	<u>(449,865)</u>	<u>49,244</u>	<u>(400,621)</u>	<u>(257,716)</u>
Retained earnings (deficit), ending	<u>\$ 622,980</u>	<u>\$ 255,985</u>	<u>\$ 878,965</u>	<u>\$ (400,621)</u>

The accompanying notes constitute an integral part of this statement.

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Cash Flows –
All Proprietary Fund Types
Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	Enterprise Fund	Internal Service Funds	Totals (Memorandum Only)	
			2002	2001
Cash flows from operating activities:				
Operating income	\$2,865,997	\$202,889	\$3,068,886	\$3,096,969
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation	834,513	-	834,513	806,774
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(209,473)	229,592	20,119	(20,706)
(Increase) decrease in due from other funds	-	4,854	4,854	46,146
(Increase) decrease in inventory	6,924	-	6,924	32,141
(Increase) decrease in other receivables	(121)	-	(121)	7,111
(Increase) decrease in prepaid expense	-	(608)	(608)	3,041
Increase (decrease) in accounts payable	773,631	(207,730)	565,901	11,404
Increase (decrease) in state sales tax payable	1,744	-	1,744	816
Increase (decrease) in accrued salaries payable	(17,551)	502	(17,049)	22,277
Increase (decrease) in other accrued liabilities	493	68	561	(654)
Increase (decrease) in due to other funds	-	-	-	(30,000)
Total adjustments	1,390,160	26,678	1,416,838	878,350
Net cash provided by operating activities	4,256,157	229,567	4,485,724	3,975,319
Cash flows from noncapital financing activities:				
Advances from other funds	(60,000)	-	(60,000)	520,000
Proceeds from loan	500,000	-	500,000	-
Operating transfers in from other funds	758,958	986	759,944	763,652
Operating transfers out to other funds	(4,230,016)	-	(4,230,016)	(4,059,381)
Net cash provided (used) by noncapital financing activities	(3,031,058)	986	(3,030,072)	(2,775,729)
Cash flows from capital and related financing activities:				
Acquisition of plant and equipment	(1,638,128)	-	(1,638,128)	(1,576,941)
Principal paid on revenue bond maturities	(650,000)	-	(650,000)	(615,000)
Interest paid on revenue bonds	(65,668)	-	(65,668)	(92,420)
Principal paid on capital lease	(9,039)	-	(9,039)	(8,500)
Interest paid on capital lease	(1,083)	-	(1,083)	(1,624)
Increase in customer meter deposits	9,729	-	9,729	12,983
Capital contributed from municipality and other government entities	892,240	-	892,240	1,545,801
Paying agents' fees	(1,002)	-	(1,002)	(1,002)
Net cash used by capital and related financing activities	(1,462,951)	-	(1,462,951)	(736,703)

(continued)

CITY OF ABBEVILLE, LOUISIANA

Combined Statement of Cash Flows –
All Proprietary Fund Types – Continued
Year Ended December 31, 2002
(With Comparative Totals for the Year Ended December 31, 2001)

	Enterprise Fund	Internal Service Funds	Totals (Memorandum Only)	
			2002	2001
Cash flows from investing activities:				
Redemption of investments	\$ 250,000	\$ -	\$ 250,000	\$ 225,000
Interest on interest-bearing deposits and investments	22,704	2,866	25,570	56,056
Net cash provided by investment activities	272,704	2,866	275,570	281,056
Net increase in cash and cash equivalents	34,852	233,419	268,271	743,943
Cash and cash equivalents, beginning	774,444	189,693	964,137	220,194
Cash and cash equivalents, ending	<u>\$ 809,296</u>	<u>\$423,112</u>	<u>\$1,232,408</u>	<u>\$ 964,137</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning:				
Cash - Unrestricted	\$ 30,917	\$189,693	\$ 220,610	\$ 23,373
Interest-bearing deposits - unrestricted	631,052	-	631,052	120,675
Interest-bearing deposits - restricted	112,475	-	112,475	76,146
Total cash and cash equivalents	<u>\$ 774,444</u>	<u>\$189,693</u>	<u>\$ 964,137</u>	<u>\$ 220,194</u>
Cash and cash equivalents, ending:				
Cash - unrestricted	\$ 40,436	\$423,112	\$ 463,548	\$ 30,917
Interest-bearing deposits - unrestricted	417,631	-	417,631	820,745
Interest-bearing deposits - restricted	351,229	-	351,229	112,475
Total cash and cash equivalents	<u>\$ 809,296</u>	<u>\$423,112</u>	<u>\$1,232,408</u>	<u>\$ 964,137</u>
				(concluded)

The accompanying notes constitute an integral part of this statement.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction:

The City of Abbeville was incorporated March 13, 1850, by special charter and operates under Mayor – Council form of Government.

Basis of Presentation –

The accounting and reporting policies of the City of Abbeville have been prepared in conformity with generally accepted accounting principles as applied to governmental units, except for the omission of all component units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units, the Louisiana Governmental Audit Guide and the interpretations of the National Council on Governmental Accounting (NCGA). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

Reporting Entity –

The City of Abbeville, Louisiana is a municipal corporation governed by an elected board. These financial statements present only the financial activity of the City of Abbeville, Louisiana (the primary government). They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

Fund Accounting –

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are used to account for assets held on behalf of outside parties, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Basis of Accounting –

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, sales taxes, intergovernmental revenues and charges for services. For year end December 31, 2002 franchise fees were determined to be both measurable and available therefore susceptible to accrual. Fines, permits and licenses are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City uses FASB pronouncements for its proprietary activities.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets –

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal year end.

Encumbrance Accounting –

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is not employed by the City.

Cash and Interest Bearing Deposits –

Cash represents non interest bearing demand deposits.

Interest bearing deposits include interest bearing demand deposits and short-term time deposits. These interest bearing deposits are stated at cost which approximates market.

Under state law, the City of Abbeville may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the City may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principle offices in Louisiana.

For the purpose of the statement of cash flows, the City considers cash and interest bearing deposits with an initial maturity date of 90 days or less to be cash and cash equivalents.

Short-Term Interfund Receivables/Payables –

Short term interfund loans receivable and payable are classified as “due from other funds” or “due to other funds” on the balance sheet.

Advances to Other Funds –

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories –

Inventory is valued at cost (weighted-average). The cost is recorded as an expenditure at the time individual inventory items are used. Inventory in the General Fund consists of gas, diesel, and oil at the motor pool barn. General Fund inventories are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Fund balance reserved for inventory in the General Fund at December 31, 2002 amounted to \$2,285. Utility System Fund inventory consists primarily of parts and supplies to be used for maintenance of the utility system.

Restricted Assets –

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “Refunding Bond Sinking Fund” is used to set aside resources necessary to meet annual debt service requirements. The “Capital Additions and Contingency Fund” reports resources set aside to meet unexpected contingencies or to fund significant asset replacements or repairs. “Customers’ Deposits” represent advance deposits received from utility customers which shall be either refunded upon termination of services or applied toward billings in arrears.

Fixed Assets –

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Estimated amounts are immaterial in relation to total fixed assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no capitalized interest during 2002.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 , SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences –

All employees in the classified service shall receive one day of sick leave for each calendar month of service up to a maximum of 180 days. On December 31 of each year the unused accumulated sick leave earned by an employee shall be carried forward to the succeeding year. All accumulated sick leave shall be forfeited upon termination of employment, except in the case of retirement. Retirees are compensated for any unused sick leave at the hourly rate being earned by the employee at retirement.

For all employees, up to 1/3 of the earned, but unused, vacation leave shall be credited to the employee's sick leave account. Any remaining vacation leave shall be carried to the following year. Upon termination of employment, the employee shall be paid for unused vacation. In case of death of the employee, unused vacation shall be paid to the beneficiary of the employee.

Long-Term Obligations –

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Equity –

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital in the Enterprise Fund. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Deferred Loss on Proprietary Fund Debt Refunding –

In accordance with GASB-23, the difference between the book value of the refunded debt and the amount required to retire the debt is accounted for as a deferral. The deferred amount is reported on the proprietary funds balance sheet as a decrease to the book value of the new debt. The deferral is amortized over the life of the new debt using the straight-line method.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions –

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Bad Debts –

Uncollectable amounts due for ad valorem taxes, sales taxes, and customers' utility receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectability of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2002.

Capitalization of Interest Expense –

It is the policy of the City of Abbeville to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. During the year ended December 31, 2002, the City did not capitalize any interest expense.

Memorandum Only – Total Columns –

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data –

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Related Organizations –

The City's officials are also responsible for appointing the board members of the Abbeville Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Vermilion Parish.

For the year ended December 31, 2002 taxes of 6.65 mills were levied on property with assessed valuation totaling \$40,795,440. A recap of the millage, assessment, taxes levied and collected is as follows:

	Assessed Value	Total Tax (6.65 Mills)	General Alimony (5.32 Mills)	Public Improvement (1.33 Mills)
Taxable Property	\$ 40,795,440	\$ 271,291	\$ 217,033	\$ 54,258
Less: Adjustments, Cancellations, Etc.	<u>(161,203)</u>	<u>(1,527)</u>	<u>(1,035)</u>	<u>(492)</u>
Totals per adjusted roll	<u>\$ 40,634,237</u>	269,764	215,998	53,766
Less: Tax collected		<u>(222,715)</u>	<u>(178,358)</u>	<u>(44,357)</u>
Tax to be collected		<u>\$ 47,049</u>	<u>\$ 37,640</u>	<u>\$ 9,409</u>

NOTE 3 SALES TAX

Proceeds of a 1 percent sales and use tax levied by the City of Abbeville (2002 revenues \$1,924,286) are dedicated to the purposes of opening, constructing, paving, resurfacing and improving streets, alleys, sidewalks, sewers, lighting and power plants; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for the public works buildings improvements and facilities in the City of Abbeville.

Proceeds of a .25 percent sales and use tax levied by the City of Abbeville (2002 revenue \$481,053) are dedicated to and shall be allocated periodically for the purpose of increasing the salaries for public safety employees of the City of Abbeville.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 4 BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor prepares a proposed budget and submits it to the City Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. Budgets for all Governmental Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons are presented in the financial statements of these funds. Budgeted amounts presented are as originally adopted or as amended from time to time by the City Council.

NOTE 5 CASH, INTEREST BEARING DEPOSITS AND INVESTMENTS

The City of Abbeville has cash, interest bearing deposits, and investments (book balances) totaling \$2,784,862 as follows:

Petty cash and change funds	\$ 800
Demand deposits	197,597
Money market accounts (interest bearing)	1,921,465
Investments	665,000
Total	<u>\$ 2,784,862</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2002 are secured as follows:

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 5 CASH, INTEREST BEARING DEPOSITS AND INVESTMENTS (CONTINUED)

Bank balances	<u>\$ 2,775,265</u>
Federal deposit insurance	415,941
Pledged securities (Category 3)	2,359,324
Total FDIC insurance and pledged securities	<u>\$ 2,775,265</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

Investments consist of certificates of deposit totaling \$665,000 held at various local banks. Maturities range from 32 days to 182 days and interest rates vary from 0.92% to 2.25%. A \$125,000 certificate of deposit is pledged to the Louisiana Department of Labor to guarantee the City's workers compensation program.

At December 31, 2002 the City held \$17,450 in an escrow account in the General Fund which are funds confiscated by the Police Department which have not yet been released by the District Attorney's Office (see Note 11).

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following at December 31, 2002:

Due from State of Louisiana Department of Revenue and Taxation for Beer Tax	\$ 11,362
Due from State of Louisiana DOTD for Maintenance Reimbursement	6,344
Due from State of Louisiana Department of Revenue and Taxation for overpayment of payroll taxes	5,263
Due from Louisiana Highway Safety Commission for Safe and Sober Campaign	2,679
Due from Abbeville City Court for Court Fines and Witness Fees	11,112
Due from Louisiana Department of Transportation and Development for Airport Improvement Program	2,265
Due from State of Louisiana Department of Emergency Preparedness for FEMA Grant	<u>1,611,192</u>
	<u>\$ 1,650,217</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 7 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31, 2002:

Refunding bonds sinking fund	\$ 65,229
Refunding bonds capital additions and contingencies fund	250,000
Customers' deposits	<u>436,000</u>
	<u>\$ 751,229</u>

NOTE 8 FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2002 follows:

	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2202
Land	\$ 519,601	\$ 102,628	\$ -	\$ 622,229
Buildings	2,543,738	-	-	2,543,738
Improvements other than buildings	10,679,867	4,406	-	10,684,273
Equipment	<u>2,734,803</u>	<u>364,109</u>	<u>(58,556)</u>	<u>3,040,356</u>
Total General Fixed	<u>\$ 16,478,009</u>	<u>\$ 471,143</u>	<u>\$ (58,556)</u>	<u>\$ 16,890,596</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 8 FIXED ASSETS (CONTINUED)

A summary of changes in proprietary fund type property, plant and equipment for the year ended December 31, 2002 follows:

	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2002
Electric utility:				
Extensions and improvements	\$ 6,212,830	\$ 135,925	\$ -	\$ 6,348,755
Lines and meters	1,968,001	1,314,139	-	3,282,140
Water utility:				
Treatment plant	342,476	-	-	342,476
Extensions	3,079,455	47,172	-	3,126,627
Improvements	2,085,640	30,012	-	2,115,652
Lines and meters	1,027,388	3,963	-	1,031,351
Sewerage utility:				
Treatment plant	6,197,047	-	-	6,197,047
Lift pumps	332,069	15,442	-	347,511
Extensions and improvements	6,451,628	74,976	-	6,526,604
Other assets:				
Buildings	115,869	-	-	115,869
Automobiles and trucks	644,841	-	-	644,841
Furniture and fixtures	121,709	6,259	-	127,968
Small tools and equipment	106,096	10,239	-	116,335
Utility building	108,195	-	-	108,195
Real estate	70,929	-	-	70,929
Total	<u>\$ 28,864,173</u>	<u>\$ 1,638,127</u>	<u>\$ -</u>	<u>30,502,300</u>
Less: Accumulated depreciation				<u>18,395,613</u>
Net property, plant & equipment				<u>\$ 12,106,687</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statement

NOTE 9 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City of Abbeville for the year ended December 31, 2002:

	Capital Lease Payable	Compensated Absences	Bonds Payable	Total
Long-term debt payable - December 31, 2001	\$ 18,620	\$ 612,155	\$ 2,605,000	\$ 3,235,775
Additions	-	-	988,000	988,000
Reductions	<u>(9,039)</u>	<u>(351,885)</u>	<u>(1,790,000)</u>	<u>(2,150,924)</u>
Long-term debt payable - December 31, 2002	<u>\$ 9,581</u>	<u>\$ 260,270</u>	<u>\$ 1,803,000</u>	<u>\$ 2,072,851</u>

Capital lease payable is comprised of a \$35,075 four-year lease of a 2000 Case 580 backhoe dated December 21, 1999 due in annual installments of \$10,122 through December 21, 2003 with interest at 6.0%. The lease contract contains a non-appropriation (fiscal funding) clause, which provides that in the event the City Council does not appropriate the funds for the annual lease payment, the lease will terminate. The likelihood of exercising the non-appropriation (fiscal funding) clause to terminate the lease has been assessed as remote, therefore the lease has been capitalized in accordance with FAS-13. Depreciation expense on assets acquired under capital leases totals \$4,630 for the year ended December 31, 2002.

Bonds payable at December 31, 2002 are comprised of the following individual issues:

\$3,230,000 Utility Revenue Refunding Bonds dated 10/01/98; due in annual installments of \$135,000 to \$680,000 through 12/1/04; interest at 4.0 - 4.55 percent.	\$ 815,000
\$988,000 Refunding Certificates of Indebtedness dated 11/1/2002; due in annual installments of \$184,000 - \$210,000 through 5/1/2007; interest at 3.10 percent.	<u>988,000</u>
Total Revenue Refunding Bonds and Certificates of Indebtedness Payable	<u>\$ 1,803,000</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 9 LONG-TERM DEBT (CONTINUED)

In accordance with GASB-23 the utility refunding bonds are reported on the proprietary fund balance sheet net of the related unamortized loss on early retirement of debt as follows:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Revenue Refunding Bonds	\$ 680,000	\$ 135,000	\$ 815,000
Unamortized loss on early retirement of debt	<u>37,814</u>	<u>34,662</u>	<u>72,476</u>
Net revenue refunding bonds	<u>\$ 642,186</u>	<u>\$ 100,338</u>	<u>\$ 742,524</u>

The annual requirements to amortize debt outstanding (except compensated absences) as of December 31, 2002, including interest payments of \$121,981 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2003	\$ 938,641
2004	355,091
2005	213,903
2006	213,672
2007	<u>213,255</u>
Total	<u>\$ 1,934,562</u>

On November 22, 2002, the City issued \$988,000 of Certificates of Indebtedness Refunding Bonds, Series 2002, with an interest rate of 3.10% for the purpose of refunding \$975,000 of outstanding Certificates of Indebtedness Bonds, Series 1997, maturing May 1, 2003 to May 1, 2007, bearing interest at the rate of 5.08% and paying the costs of issuance of the bonds. The proceeds of \$989,787 were deposited into an irrevocable trust with an escrow agent to defease the Certificates of Indebtedness Bonds, Series 1997. As a result, the Certificates of Indebtedness Bonds, Series 1997, maturing May 1, 2003 to May 1, 2007, are considered to be defeased and the liability has been removed from the City's books. This current refunding was undertaken to reduce total debt service payments over the next five years by \$37,351 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,132.

NOTE 10 DUE TO OTHER GOVERNMENTAL UNITS

Amounts due to other governmental units consisted of the following at December 31, 2002:

Due to the State of Louisiana for excess Flood Hazard Mitigation grant funds	\$ 3,175
Due to the District Attorney, 15th Judicial District for confiscated funds	<u>17,450</u>
	<u>\$ 20,625</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 11 INTERFUND ASSETS/LIABILITIES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Flood Hazard Mitigation Fund	\$ 2,012
General Fund	M & O Fund	\$ 17,630
Sales Tax Fund	General Fund	1,676
Sales Tax Fund	Utility Fund	460,000
Payroll Fund	General Fund	5,263
		<u>\$ 486,581</u>

NOTE 12 FLOW OF FUNDS/RESTRICTIONS ON USE – UTILITIES REVENUES

Utility Revenue Refunding Bonds

As shown in Note 9, the City has \$815,000 of utility revenue refunding bonds outstanding at December 31, 2002, which are payable from a pledge and dedication of the income and revenues of the combined electric, waterworks, and sewer systems. In order that the principal of and the interest on the bonds will be paid in accordance with their terms and for the other objects and purposes hereinafter provided, the City covenants that all such income and revenues shall be deposited daily as the same may be collected in a separate and special bank account to be known and designated as the "City of Abbeville Utilities System Fund," and said Utilities System Fund shall be maintained and administered in the following order of priority and for the following express purposes:

- A. The payment of all reasonable and necessary costs and expenses of administration, operation and maintenance of the System.
- B. The maintenance of the "City of Abbeville Utilities Revenue Bond Sinking Fund" (the "Sinking Fund") established pursuant to the Prior Bond Resolution, sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds, and any Additional Parity Bonds as they severally become due and payable, by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the Issuer, monthly in advance on or before the 20th day of each month, a sum equal to one-sixth (1/6) of the interest falling due on the next interest payment date, and a sum equal to one-twelfth (1/12) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent bank shall make available from the Sinking Fund to the paying agents for all bonds payable from the Sinking Fund, at least three (3) days in advance of the date on which payment of the principal or interest falls due, funds fully sufficient to pay promptly the principal and/or interest so falling due on such date.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 12 FLOW OF FUNDS/RESTRICTIONS ON USE – UTILITIES REVENUES (CONTINUED)

- C. No reserve fund shall be established or maintained for the Bonds herein authorized, however, in the event that Additional Parity Bonds are issued hereafter in the manner provided in this Bond Resolution, there shall be transferred from the proceeds of the Additional Parity Bonds and/or said Revenue Fund into a reserve fund (the "Reserve Fund") to be established by the resolution authorizing the Additional Parity Bonds, monthly or annually, such amounts (as may be designated in the resolution authorizing such bonds) as will establish a Reserve Fund within a period not exceeding five (5) years equal to the Reserve Fund Requirement.
- D. The maintenance of the "City of Abbeville Utilities Revenue Capital Additions and Contingencies Fund" (the "Contingency Fund"), established pursuant to the Prior Bond Resolution, to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the Issuer, monthly in advance on or before the 20th day of each month, commencing October, 1998, a sum equal to five percent (5%) of the gross revenues of the System for the preceding month, less the power cost adjustment, until the sum of \$250,000 is on deposit therein, *providing that such sum is available after provision is made* for the fund is required under paragraph (a), (b), and (c) above. So long as the maximum amount required above is on deposit, monthly payments shall not be required, however, as moneys are expended there from for the intended purposes, monthly payments shall resume until the maximum amount required is again on deposit. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund shall be used to pay the principal of and the interest on Bonds, the Outstanding Parity Bonds, and any Additional Parity Bonds issued hereafter in the manner provided by this Bond Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Fund, provided in paragraphs (b) and (c) above, but the money in the Contingency Fund shall never be used for the purpose of making extensions, additions, improvements, renewals and replacements to the System if such use of said money will leave in the Contingency Fund for the making of emergency repairs or replacements less than the sum of One Hundred Thousand Dollars (\$100,000).

All or any part of the moneys in the Revenue Fund and the Contingency Fund shall, at the written request of the Issuer, be invested in investments permitted by Louisiana law, maturing in five (5) years or less. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the respective funds are created. All income or earnings from such investments shall be deposited in the Revenue Fund as income and revenues of the System.

If at any time it shall be necessary to use moneys in the Contingency Fund for the purpose of paying principal of or interest on bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received, not hereinabove required to be used for administration, operation and maintenance or for current principal and interest requirements.

If at any time there are sufficient moneys on deposit in the Contingency Fund to retire all outstanding bonds payable from the Sinking Fund by exercising the redemption option provided by this Bond Resolution or by purchase on the open market, the Issuer may utilize such funds for such purpose.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 12 FLOW OF FUNDS/RESTRICTIONS ON USE – UTILITIES REVENUES (CONTINUED)

Any moneys remaining in the Revenue Fund on the 20th day of each month and after making the required payments into the Sinking Fund, any Reserve Fund hereafter established, and the Contingency Fund for the current month and for prior months during which the required payments may not have been made shall be considered surplus. Such surplus may be used by the issuer for such other lawful corporate purposes as the Governing Authority may determine whether such purposes are or are not related to the System.

Violation of Revenue Refunding Bonds Restrictions

The City is in compliance with all significant limitations and restrictions set forth upon issuance of the outstanding revenue refunding bonds with the following exception:

- A. The City is not operating each individual division of the Utility System profitably which is a violation of Section 8.1 (b) of the 1998 Bond Resolution.
- B. The City is not always adhering to requirements of Section 8.2 paragraph 2 regarding termination of service to customers with delinquent balances.

NOTE 13 RETIREMENT COMMITMENTS

Eligible employees of the City participate in one of the following retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System and Firefighters' Retirement System. Each of these retirement systems is controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

Municipal Employees' Retirement System

Plan members are required to contribute 5.00 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 6.25 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2002, 2001 and 2000 were \$88,088, \$80,313 and \$88,664, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 13 RETIREMENT COMMITMENTS (CONTINUED)

Municipal Police Employees' Retirement System

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 9.0 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2002, 2001 and 2000 were \$76,013, \$77,938, and \$80,102 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-2250.

Firefighters' Retirement System

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 9.0 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2002, 2001 and 2000 were \$66,294, \$54,936, and \$56,371, respectively, equal to the required contribution for each year.

NOTE 14 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City of Abbeville maintains an Enterprise Fund with departments that provide electric, water, and sewerage services. Segment information for the year ended December 31, 2002 is as follows:

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 10,626,023	\$ 1,067,673	\$ 644,182	\$ 12,337,878
Operating expenses	<u>7,317,155</u>	<u>1,059,528</u>	<u>1,095,198</u>	<u>9,471,881</u>
Operating income (loss)	<u>\$ 3,308,868</u>	<u>\$ 8,145</u>	<u>\$ (451,016)</u>	<u>\$ 2,865,997</u>

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 15 LOUISIANA ENERGY AND POWER AUTHORITY

By referendum on October 22, 1983, the City of Abbeville elected to join the Louisiana Energy and Power Authority (LEPA), and an appointment was made by the City Council to the LEPA board of directors. LEPA, a statewide public power authority which is a political subdivision of the State of Louisiana, was created by an act of the state legislature in April of 1979 for the purpose of helping all of Louisiana's municipal electric systems to work together to provide firm, stable sources of electrical energy to their citizen/users at the lowest cost possible.

On June 28, 1985, the City entered into a power sales contract for electricity with LEPA with service commencing on March 1, 1986. The City signed a contract extension which lengthens the original contract until December 31, 2005.

NOTE 16 RISK MANAGEMENT FUND

On December 30, 1986, the City passed a resolution allowing its workmen's compensation, *business automobile and general liability insurance policies to expire and established a Risk Management Fund* (an internal service fund) for the accumulation of monies and subsequent disbursement of loss claims. Therefore, the City was exposed to material judgment in favor of tort and other claimants together with legal interest thereon. The City has since reacquired business automobile, general liability, and property insurance coverage with substantial deductibles. Effective March 1, 2000 the City's self-insured retention was increased from \$25,000 per claim to \$100,000 per claim. The City is also now fully insured for workmen's compensation although the City is still obligated for a small number of claims incurred during its self-insured period. The Risk Management Fund's retained earnings designated for claims amounted to \$104,123 at December 31, 2002.

NOTE 17 EMPLOYEE HEALTH INSURANCE FUND

On November 30, 1990, the City established a partially self-funded internal service fund to accumulate monies for the payment of health care claims of the City employees and their dependents. An integral part of this self-funded health insurance program is the procurement of both specific and aggregate Stop-Loss insurance. The City's self-insured retention is \$50,000 per covered individual. The Employee Health Insurance Fund's retained earnings designated for claims amounted to \$151,862 at December 31, 2002.

NOTE 18 POST EMPLOYMENT BENEFITS

Cobra

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured monthly for the actual month covered. This program is offered for a duration of 18 months after the termination date.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 18 POST EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Benefits

Effective July 1, 1998 the City Council approved a motion to allow City employees with 25 years of service and public officials with 10 years of service to continue to receive health insurance coverage through the City's health insurance program after retirement.

Pension Benefits

The City is committed to pensions for two retired police officers or their beneficiaries who retired before the City began participating in the Municipal Police Employees' Retirement System of Louisiana. These pensions are financed out of current general fund operations. The total pension costs for the year ended December 31, 2002 is \$8,233.

NOTE 19 ADVANCES OF DEDICATED SALES TAX TO UTILITY FUND

In September of 2001, the Legislative Audit Advisory Council of the State of Louisiana required a formal commitment from the Mayor and City Council that there will be no further borrowing from any dedicated funds of the City and that current outstanding advances will be liquidated at the rate of \$5,000 per month. The repayment plan was initiated in November 2001 and the City has complied with its provisions. The amount of interfund advances as of December 31, 2002 is \$460,000.

NOTE 20 NOTE PAYABLE

On December 23, 2002, the City entered into a short-term financing arrangement with a local bank. The City issued a \$500,000 note designated as "Taxable Revenue Anticipation Note, Series 2002" for the purpose of providing monies to pay contractors employed by the City in connection with clean up or repairing damages caused to public facilities by Hurricane Lili. The note had a stated interest rate of 3.0% and a maturity date of March 1, 2003, and was payable from the proceeds of federal and state grant monies from FEMA.

On the maturity date of March 1, 2003, the FEMA funds had not yet been received. The note holder agreed to an extension of time until May 1, 2003 and a new note designated as "Taxable Revenue Anticipation Note, Series 2003" was issued. The \$500,000 loan was ultimately repaid on March 25, 2003.

NOTE 21 HURRICANE LILI/ESTIMATED FEMA REVENUE RECEIVABLE

On October 3, 2002, Hurricane Lili caused extensive damage to the City of Abbeville's electrical distribution system and other assets. In addition, the high winds uprooted trees and felled limbs within the City, requiring a tremendous effort to remove debris and reopen streets to allow access for emergency personnel and to enable electrical crews to begin the extensive clean up and repair work.

CITY OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 21 HURRICANE LILI/ESTIMATED FEMA REVENUE RECEIVABLE (CONTINUED)

The City filed several claims with the Federal Emergency Management Agency (FEMA) seeking disaster assistance funds for the estimated cost of damages incurred as a result of the storm, as well as the anticipated costs to rebuild its electrical distribution system and other assets. The total of estimated claims submitted was \$2,611,762. A substantial portion of these costs (approximately \$1,864,516) were incurred prior to December 31, 2002, however, a significant portion of the costs to rebuild the electrical system will not be incurred until well into the year 2003 and could exceed original estimates.

The City has recognized FEMA grant revenues in accordance with the matching principle (i.e. revenue is recorded as the related costs are incurred). Generally, claims are reimbursed 75% from federal funds and 10% from state funds. For financial reporting purposes, the City has accrued a receivable for the estimated amount of federal and state revenue earned from the time of the disaster through December 31, 2002. The entire receivable of \$1,611,192 is included in the Utility Fund (Enterprise Fund Type) "Due from other governmental units" line item, while the related revenue is shown in the non-operating revenue section as "Grants". The related costs are recorded as an expense/expenditure in the fund that incurred and/or paid for the cost or have been capitalized in the Utility Fund as depreciable assets.

NOTE 22 COMMITMENTS AND CONTINGENCIES

Litigation

There are several lawsuits presently pending against the City of Abbeville. Reserves for claims losses are established and recorded as liabilities of the Risk Management Fund when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City's legal counsel and elected officials are of the opinion that any unfavorable outcome in these cases would not materially affect the financial statements. Also, the City may be exposed to losses for which the amounts cannot be determined at this time.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Utility Relocation Grants

In prior years, the City utilized federal funding under Act 319 to pay its share of the cost to relocate electric, water, and sewer facilities to accommodate the expansion of Highway 14. As part of the funding agreement the City is prohibited from locating additional longitudinal facilities within any right-of-way owned by the State of Louisiana until the City reimburses the Department of Transportation the full amount of costs expended on the City's behalf, which amounted to \$631,710.

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

CITY OF ABBEVILLE, LOUISIANA

General Fund

The general fund is the general operating fund of the City. It is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF ABBEVILLE, LOUISIANA
General Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	2002	2001
ASSETS		
Cash	\$ 91,105	\$ 49,189
Interest-bearing deposits	59,395	42,550
Investments	15,000	15,000
Receivables:		
Accounts	4,317	3,458
Ad valorem taxes	37,640	39,354
Franchise fees	122,137	-
Other	5	-
Due from other funds	19,642	5,169
Due from other governmental units	36,760	28,675
Inventory	2,285	1,073
Total assets	<u>\$ 388,286</u>	<u>\$ 184,468</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 156,900	\$ 65,075
Accrued salaries payable	69,245	45,472
Other accrued liabilities	20,239	20,597
Due to other funds	6,939	-
Deferred revenues	2,474	7,160
Due to other governmental units	17,450	2,466
Total liabilities	<u>273,247</u>	<u>140,770</u>
Fund Balance:		
Reserved for inventory	2,285	1,073
Unreserved - undesignated	112,754	42,625
Total fund balance	<u>115,039</u>	<u>43,698</u>
Total liabilities and fund balance	<u>\$ 388,286</u>	<u>\$ 184,468</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 224,000	\$ 233,536	\$ 9,536	\$ 223,699
Licenses and permits	469,000	473,413	4,413	467,927
Intergovernmental	162,000	173,155	11,155	193,513
Charges for services	44,000	45,371	1,371	45,893
Fines	70,000	71,383	1,383	80,795
Other revenues	293,000	448,843	155,843	254,601
Total revenues	<u>1,262,000</u>	<u>1,445,701</u>	<u>183,701</u>	<u>1,266,428</u>
Expenditures:				
Current -				
General government	1,171,000	1,185,592	(14,592)	1,220,480
Public safety -				
Police	1,995,000	2,058,538	(63,538)	1,965,272
Fire	1,677,000	1,684,961	(7,961)	1,637,040
Highways and street	930,000	942,077	(12,077)	845,787
Culture and recreation	195,000	202,222	(7,222)	241,332
Total expenditures	<u>5,968,000</u>	<u>6,073,390</u>	<u>(105,390)</u>	<u>5,909,911</u>
Deficiency of revenues over expenditures	<u>(4,706,000)</u>	<u>(4,627,689)</u>	<u>78,311</u>	<u>(4,643,483)</u>
Other financing sources (uses):				
Operating transfers in	4,705,000	4,700,016	(4,984)	4,527,381
Operating transfers out	-	(986)	(986)	(813)
Total other financing sources (uses)	<u>4,705,000</u>	<u>4,699,030</u>	<u>(5,970)</u>	<u>4,526,568</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,000)</u>	<u>71,341</u>	<u>72,341</u>	<u>(116,915)</u>
Fund balance, beginning	<u>43,698</u>	<u>43,698</u>	<u>-</u>	<u>160,613</u>
Fund balance (deficit), ending	<u>\$ 42,698</u>	<u>\$ 115,039</u>	<u>\$ 72,341</u>	<u>\$ 43,698</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Taxes:				
Ad valorem	\$ 208,000	\$ 215,998	\$ 7,998	\$ 206,214
Housing authority payment in lieu of taxes	10,000	11,258	1,258	9,850
Chain store	6,000	6,280	280	7,635
Total taxes	<u>224,000</u>	<u>233,536</u>	<u>9,536</u>	<u>223,699</u>
Licenses and permits:				
Occupational	441,000	443,518	2,518	440,419
Beer and liquor	20,000	20,255	255	21,125
Building	7,500	8,964	1,464	6,173
Other	500	676	176	210
Total licenses and permits	<u>469,000</u>	<u>473,413</u>	<u>4,413</u>	<u>467,927</u>
Intergovernmental:				
Federal -				
Summer food service program	24,000	23,722	(278)	26,969
Street sales disruption/criminal apprehension	20,000	20,178	178	7,281
Seatbelt/DWI/Block grants	24,000	24,872	872	53,190
Drug awareness	4,000	3,519	(481)	8,717
State of Louisiana -				
Revenue sharing	15,000	9,579	(5,421)	16,969
Beer taxes	25,000	40,201	15,201	33,696
Grants	12,500	12,688	188	12,688
Vermilion Parish Police Jury -				
Fire insurance tax	37,500	38,396	896	34,003
Total intergovernmental	<u>162,000</u>	<u>173,155</u>	<u>11,155</u>	<u>193,513</u>
Charges for services:				
Rentals	<u>44,000</u>	<u>45,371</u>	<u>1,371</u>	<u>45,893</u>
Fines:				
City court fines	<u>70,000</u>	<u>71,383</u>	<u>1,383</u>	<u>80,795</u>
Other revenues:				
Franchise fees - Reliant/Entex	94,000	166,486	72,486	78,818
Franchise fees - Cable TV	21,000	38,775	17,775	20,616
Franchise fees - Bell South	125,000	156,401	31,401	100,769
Interest	-	1,065	1,065	5,510
Witness fees	11,000	11,687	687	12,592
Oil and mineral leases	750	756	6	-
Other sources	41,250	73,673	32,423	36,296
Total other revenues	<u>293,000</u>	<u>448,843</u>	<u>155,843</u>	<u>254,601</u>
Total revenues	<u>\$1,262,000</u>	<u>\$1,445,701</u>	<u>\$ 183,701</u>	<u>\$1,266,428</u>

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
General Government:				
Administrative -				
Salaries	\$ 255,500	\$ 256,257	\$ (757)	\$ 264,122
Employees' insurance	114,500	114,588	(88)	121,003
Payroll taxes	20,500	20,529	(29)	21,925
Retirement	13,500	12,343	1,157	11,677
General insurance	44,000	43,824	176	39,740
Equipment operating expense	8,500	8,727	(227)	11,169
Coroner's fees	10,000	15,053	(5,053)	17,894
Dues and subscriptions	5,500	5,718	(218)	4,515
Janitorial	15,000	16,435	(1,435)	14,916
Legal and accounting	64,000	63,269	731	94,614
Maintenance and repairs	9,000	8,967	33	14,504
Other professional fees	16,400	17,125	(725)	8,551
Travel and convention expenses	3,000	2,661	339	2,929
Rental	5,000	4,600	400	6,900
Office supplies	18,000	22,322	(4,322)	21,224
Postage	12,500	13,864	(1,364)	10,544
Publications	16,000	17,581	(1,581)	9,235
Tax roll preparation	5,500	5,518	(18)	5,489
Telephone	19,600	20,900	(1,300)	18,730
Uniforms	1,500	1,550	(50)	1,332
Utilities	11,000	10,948	52	12,931
Electricity for traffic lights	-	37	(37)	6,347
Employee drug testing	3,000	2,374	626	3,606
Summer food service program	24,000	23,880	120	29,031
Main street project	27,500	27,499	1	26,555
Miscellaneous	56,000	59,054	(3,054)	31,347
Total administrative	<u>779,000</u>	<u>795,623</u>	<u>(16,623)</u>	<u>810,830</u>
City Court -				
Salaries	101,500	102,327	(827)	100,265
Employees' insurance	55,000	54,471	529	52,856
Payroll taxes	9,500	7,549	1,951	7,245
Retirement	8,500	6,364	2,136	9,349
General insurance	19,000	18,244	756	16,757
Repair and maintenance	5,500	3,987	1,513	3,650
Rental	1,500	1,250	250	600
Utilities	3,500	3,117	383	3,403
Witness fees	8,000	6,895	1,105	12,650
Legal	53,000	49,617	3,383	67,583
Prisoner's board	-	112	(112)	-
Miscellaneous	2,000	8,740	(6,740)	2,046
Total city court	<u>267,000</u>	<u>262,673</u>	<u>4,327</u>	<u>276,404</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) – Continued
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Motor Pool -				
Salaries	\$ 24,000	\$ 24,012	\$ (12)	\$ 22,458
Employees' insurance	4,000	3,799	201	4,224
Payroll taxes	2,000	1,805	195	1,711
Retirement	1,000	1,155	(155)	1,001
General insurance	10,000	9,422	578	9,907
Equipment operating expense	500	1,578	(1,078)	1,759
Supplies	1,000	950	50	1,046
Utilities	500	198	302	2,605
Telephone	500	399	101	974
Miscellaneous	500	1,075	(575)	104
Total motor pool	<u>44,000</u>	<u>44,393</u>	<u>(393)</u>	<u>45,789</u>
Civil Service -				
Salaries	27,600	27,396	204	24,917
Employees' insurance	4,000	3,799	201	4,224
Payroll taxes	2,000	1,815	185	1,616
Retirement	1,400	1,099	301	955
Supplies and publication	1,500	757	743	688
Medical services	10,000	10,377	(377)	9,855
Telephone	500	456	44	742
Legal fees	2,000	2,435	(435)	1,620
Miscellaneous	1,000	732	268	1,053
Total civil service	<u>50,000</u>	<u>48,866</u>	<u>1,134</u>	<u>45,670</u>
Airport expenses -				
Safety director	12,000	12,000	-	12,000
General insurance	-	600	(600)	-
Utilities	10,500	10,689	(189)	11,149
Repairs and maintenance	2,000	1,666	334	5,881
Supplies	-	3,090	(3,090)	3,446
Capital outlay	6,500	5,992	508	9,311
Total airport	<u>31,000</u>	<u>34,037</u>	<u>(3,037)</u>	<u>41,787</u>
Total general government	<u>1,171,000</u>	<u>1,185,592</u>	<u>(14,592)</u>	<u>1,220,480</u>
				(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) - (Continued)
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Safety:				
Police -				
Salaries	\$1,147,500	\$1,151,016	\$ (3,516)	\$ 1,058,602
Employees' insurance	275,000	276,408	(1,408)	270,666
Payroll taxes	24,500	23,653	847	21,382
Retirement	85,000	80,040	4,960	84,289
General insurance	212,000	211,320	680	213,513
Equipment operating expense	88,500	107,076	(18,576)	92,369
Uniforms	17,000	20,920	(3,920)	16,245
Supplies	38,500	42,480	(3,980)	25,970
Janitorial	7,000	6,760	240	6,760
Prisoners' board	4,500	2,847	1,653	9,271
Utilities	20,000	20,362	(362)	19,959
Telephone	10,000	10,749	(749)	10,919
Dog expenses	1,000	816	184	935
Dare program	2,500	1,349	1,151	2,614
Schools and convention	7,000	6,673	327	10,981
Police pension	8,000	8,233	(233)	14,104
Legal and professional fees	23,000	19,927	3,073	15,820
Special investigation expense	3,000	3,000	-	2,100
Miscellaneous	9,000	28,048	(19,048)	17,245
Capital outlay - Equipment	12,000	36,861	(24,861)	71,528
Total police	<u>1,995,000</u>	<u>2,058,538</u>	<u>(63,538)</u>	<u>1,965,272</u>
Fire -				
Salaries	1,008,000	1,002,251	5,749	969,912
Employees' insurance	246,000	246,072	(72)	248,460
Payroll taxes	80,000	82,921	(2,921)	79,110
Retirement	69,000	67,154	1,846	63,053
General insurance	157,000	156,277	723	148,821
Equipment operating expense	18,000	21,804	(3,804)	26,709
Uniforms	10,000	9,052	948	7,582
Supplies	23,500	32,426	(8,926)	19,485
Utilities	16,000	17,476	(1,476)	16,161
Telephone	4,000	3,639	361	5,545
Maintenance and repairs	2,000	2,642	(642)	6,411
Water hydrant rent	28,500	28,203	297	28,203
Schools and conventions	11,000	10,447	553	11,298
Miscellaneous	4,000	4,597	(597)	6,290
Total fire	<u>1,677,000</u>	<u>1,684,961</u>	<u>(7,961)</u>	<u>1,637,040</u>
Total public safety	<u>3,672,000</u>	<u>3,743,499</u>	<u>(71,499)</u>	<u>3,602,312</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) – Continued
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Highways and Streets:				
Salaries	\$ 270,000	\$ 271,013	\$ (1,013)	\$ 286,261
Employees' insurance	96,000	96,892	(892)	109,045
Payroll taxes	20,000	19,598	402	21,277
Retirement	11,000	11,085	(85)	11,227
General insurance	193,000	192,037	963	233,336
Equipment operating expense	38,000	44,313	(6,313)	57,850
Utilities	6,000	6,968	(968)	5,803
Small tools and supplies	2,500	6,002	(3,502)	3,967
Maintenance materials	16,500	18,493	(1,993)	23,827
Debris removal	185,000	183,639	1,361	-
Grass cutting	500	222	278	2,750
Electricity for street lights	84,000	84,320	(320)	82,485
Janitorial	3,500	3,744	(244)	3,510
Miscellaneous	4,000	3,751	249	4,449
Total highways and streets	<u>930,000</u>	<u>942,077</u>	<u>(12,077)</u>	<u>845,787</u>
Culture and Recreation:				
Parks -				
Salaries	51,500	50,847	653	55,871
Employees' insurance	19,000	17,612	1,388	18,695
Payroll taxes	4,000	3,790	210	4,144
Retirement	2,000	1,529	471	1,836
General insurance	19,000	18,844	156	19,414
Equipment operating expenses	15,000	17,731	(2,731)	14,951
Supplies	8,000	11,322	(3,322)	7,572
Repairs and maintenance	4,500	11,071	(6,571)	37,232
Utility and telephone	23,500	20,950	2,550	28,898
Security and janitorial	22,500	22,356	144	22,237
Miscellaneous	1,000	986	14	3,268
Total parks	<u>170,000</u>	<u>177,038</u>	<u>(7,038)</u>	<u>214,118</u>
Tourist Information Center -				
Salaries	13,000	13,058	(58)	13,500
Employee insurance	3,500	3,658	(158)	4,059
Payroll taxes	1,000	986	14	1,029
Retirement	600	654	(54)	541
Telephone	500	449	51	1,423
Utilities	1,500	1,370	130	1,511
Janitorial	2,500	2,652	(152)	3,250
Miscellaneous	2,400	2,357	43	1,901
Total tourist information	<u>25,000</u>	<u>25,184</u>	<u>(184)</u>	<u>27,214</u>
Total culture and recreation	<u>195,000</u>	<u>202,222</u>	<u>(7,222)</u>	<u>241,332</u>
Total expenditures	<u>\$5,968,000</u>	<u>\$6,073,390</u>	<u>\$ (105,390)</u>	<u>\$5,909,911</u>

CITY OF ABBEVILLE, LOUISIANA

Special Revenue Funds

SALES TAX FUND – To account for the receipt and disbursement of proceeds of the City's sales and use taxes. These taxes are dedicated as described in the Notes to the Financial Statements.

PUBLIC IMPROVEMENT (SEWER FUND) – To account for the receipt and disposition of ad valorem taxes dedicated to public improvement of sewer facilities.

MAINTENANCE AND OPERATION – FIRE DEPARTMENT FUND – To account for the receipt and disbursement of proceeds from the Vermilion Parish Police Jury to be used for the purpose of construction, acquiring, improving and/or maintaining fire department facilities and equipment.

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	Sales Tax Fund	Public Improvement Sewer Fund	Maintenance and Operation - Fire Dept. Fund	Totals	
				2002	2001
ASSETS					
Interest-bearing deposits	\$ 342,596	\$ 57,319	\$ 96,267	\$ 496,182	\$ 610,145
Investments	125,000	-	75,000	200,000	375,000
Receivables:					
Ad valorem taxes	-	9,409	-	9,409	10,072
Sales tax	211,654	-	-	211,654	194,365
Other	6,391	-	7,070	13,461	5,381
Due from other funds	1,676	-	-	1,676	-
Due from other governments	-	-	-	-	10,000
Advances to other funds	460,000	-	-	460,000	520,000
Total assets	\$ 1,147,317	\$ 66,728	\$ 178,337	\$ 1,392,382	\$ 1,724,963
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 214,278	\$ -	\$ 547	\$ 214,825	\$ 11,846
Due to other funds	-	-	17,630	17,630	203,761
Total liabilities	214,278	-	18,177	232,455	215,607
Fund balances:					
Reserved for interfund advance	460,000	-	-	460,000	520,000
Unreserved -					
Undesignated	473,039	66,728	160,160	699,927	989,356
Total fund balances	933,039	66,728	160,160	1,159,927	1,509,356
Total liabilities and fund balance	\$ 1,147,317	\$ 66,728	\$ 178,337	\$ 1,392,382	\$ 1,724,963

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	Sales Tax Fund	Public Improvement Sewer Fund	Maintenance and Operation - Fire Dept. Fund	Totals	
				2002	2001
Revenues:					
Taxes	\$ 2,405,339	\$ 53,766	\$ -	\$ 2,459,105	\$ 2,328,555
Intergovernmental	-	-	144,721	144,721	79,636
Other revenues	12,701	509	2,697	15,907	51,068
Total revenues	<u>2,418,040</u>	<u>54,275</u>	<u>147,418</u>	<u>2,619,733</u>	<u>2,459,259</u>
Expenditures:					
Current -					
General government	54,917	-	-	54,917	40,887
Public safety -					
Police	106,622	-	-	106,622	221,558
Fire	6,736	-	259,848	266,584	51,956
Highways and streets	185,041	-	-	185,041	242,332
Culture and recreation	14,087	-	-	14,087	30,845
Other	-	-	-	-	165,000
Total expenditures	<u>367,403</u>	<u>-</u>	<u>259,848</u>	<u>627,251</u>	<u>752,578</u>
Excess (deficiency) of revenues over expenditures	<u>2,050,637</u>	<u>54,275</u>	<u>(112,430)</u>	<u>1,992,482</u>	<u>1,706,681</u>
Other financing (uses):					
Operating transfers out	<u>(1,452,123)</u>	<u>-</u>	<u>-</u>	<u>(1,452,123)</u>	<u>(1,830,146)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	598,514	54,275	(112,430)	540,359	(123,465)
Fund balances, beginning	1,224,313	12,453	272,590	1,509,356	1,819,086
Residual equity transfers to Utility System Fund	<u>(889,788)</u>	<u>-</u>	<u>-</u>	<u>(889,788)</u>	<u>(186,265)</u>
Fund balances, ending	<u>\$ 933,039</u>	<u>\$ 66,728</u>	<u>\$ 160,160</u>	<u>\$ 1,159,927</u>	<u>\$ 1,509,356</u>

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenue:				
Sales taxes -				
One cent sales tax	\$1,915,000	\$1,924,286	\$ 9,286	\$ 1,822,258
Quarter cent sales tax	478,000	481,053	3,053	454,507
Intergovernmental -				
State Grant -				
Rural development	-	-	-	10,000
Other revenues -				
Interest on investments	9,000	9,474	474	21,280
Other sources	-	3,227	3,227	11,450
Total revenues	<u>2,402,000</u>	<u>2,418,040</u>	<u>16,040</u>	<u>2,319,495</u>
Expenditures:				
Current -				
General government	48,000	54,917	(6,917)	40,887
Public safety -				
Police	110,000	106,622	3,378	221,558
Fire	5,000	6,736	(1,736)	3,619
Highways and streets	181,000	185,041	(4,041)	242,332
Culture and recreation	16,000	14,087	1,913	30,845
Other	-	-	-	165,000
Total expenditures	<u>360,000</u>	<u>367,403</u>	<u>(7,403)</u>	<u>704,241</u>
Excess of revenues over expenditures	2,042,000	2,050,637	8,637	1,615,254
Other financing uses:				
Operating transfers out	<u>(1,561,000)</u>	<u>(1,452,123)</u>	<u>108,877</u>	<u>(1,446,610)</u>
Excess of revenues over expenditures and other financing uses	481,000	598,514	117,514	168,644
Fund balance, beginning	1,224,313	1,224,313	-	1,241,934
Residual equity transfers to utility system fund	<u>(289,000)</u>	<u>(889,788)</u>	<u>(600,788)</u>	<u>(186,265)</u>
Fund balance, ending	<u>\$1,416,313</u>	<u>\$ 933,039</u>	<u>\$ (483,274)</u>	<u>\$ 1,224,313</u>

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
General Government:				
Administrative -				
Professional services	\$ 12,000	\$ 14,020	\$ (2,020)	\$ 12,000
Repairs and maintenance	20,000	20,627	(627)	-
Capital outlay -				
Equipment	12,000	12,577	(577)	1,020
Total administrative	<u>44,000</u>	<u>47,224</u>	<u>(3,224)</u>	<u>13,020</u>
City Court -				
Capital outlay -				
Roof project	3,000	2,278	722	23,403
Total city court	<u>3,000</u>	<u>2,278</u>	<u>722</u>	<u>23,403</u>
Airport -				
Capital outlay -				
Improvements	1,000	5,415	(4,415)	4,464
Total airport	<u>1,000</u>	<u>5,415</u>	<u>(4,415)</u>	<u>4,464</u>
Total general government	<u>48,000</u>	<u>54,917</u>	<u>(6,917)</u>	<u>40,887</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Statement of Expenditures Compared to Budget (GAAP Basis) – Continued
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Public Safety:				
Police -				
Repairs and maintenance	\$ 17,500	\$ 16,495	\$ 1,005	\$ 1,183
Capital outlay -				
City Jail renovation	-	-	-	178,663
Equipment	92,500	90,127	2,373	41,712
Total police	<u>110,000</u>	<u>106,622</u>	<u>3,378</u>	<u>221,558</u>
Fire -				
Repairs and maintenance	2,000	3,685	(1,685)	506
Small tools and equipment	3,000	3,051	(51)	3,113
Total fire	<u>5,000</u>	<u>6,736</u>	<u>(1,736)</u>	<u>3,619</u>
Total public safety	<u>115,000</u>	<u>113,358</u>	<u>1,642</u>	<u>225,177</u>
Highways and Streets:				
Street department -				
Repairs and maintenance	15,000	17,218	(2,218)	37,835
Street and drainage improvements	142,000	142,102	(102)	126,003
Street signs	14,000	13,811	189	6,802
Small tools and equipment	-	1,210	(1,210)	833
Capital outlay -				
Equipment	10,000	10,700	(700)	70,859
Total highway and streets	<u>181,000</u>	<u>185,041</u>	<u>(4,041)</u>	<u>242,332</u>
Culture and Recreation:				
Parks -				
Repairs and maintenance	8,500	7,617	883	15,606
Capital outlay -				
Equipment	7,500	6,470	1,030	4,549
Improvements	-	-	-	10,690
Total culture and recreation	<u>16,000</u>	<u>14,087</u>	<u>1,913</u>	<u>30,845</u>
Other -				
Economic Development/RODI	-	-	-	165,000
Total expenditures	<u>\$ 360,000</u>	<u>\$ 367,403</u>	<u>\$ (7,403)</u>	<u>\$ 704,241</u> (concluded)

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Fund
Public Improvement (Sewer) Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes -				
Ad valorem taxes	\$ 52,000	\$ 53,766	\$ 1,766	\$ 51,790
Other revenues -				
Interest on investments	500	509	9	9,923
Total revenues	<u>52,500</u>	<u>54,275</u>	<u>1,775</u>	<u>61,713</u>
Expenditures:				
Current -				
General Government -				
Miscellaneous	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	52,500	54,275	1,775	61,713
Other Financing Uses:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(383,536)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	52,500	54,275	1,775	(321,823)
Fund balance, beginning	<u>12,453</u>	<u>12,453</u>	<u>-</u>	<u>334,276</u>
Fund balance, ending	<u>\$ 64,953</u>	<u>\$ 66,728</u>	<u>\$ 1,775</u>	<u>\$ 12,453</u>

CITY OF ABBEVILLE, LOUISIANA
Special Revenue Fund
Maintenance and Operation - Fire Department Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002		Variance	2001
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental -				
FEMA grant	\$ 67,000	\$ 68,037	\$ 1,037	\$ -
Vermilion Parish Police Jury				
fire protection	70,000	76,684	6,684	69,636
Other revenues -				
Interest on investments	2,000	2,697	697	8,415
Total revenues	<u>139,000</u>	<u>147,418</u>	<u>8,418</u>	<u>78,051</u>
Expenditures:				
Current -				
Public Safety - Fire -				
Repairs and maintenance	1,000	547	453	-
Capital outlay - Fire truck	200,000	198,786	1,214	35,026
Capital outlay - equipment	64,000	60,515	3,485	13,311
Total expenditures	<u>265,000</u>	<u>259,848</u>	<u>5,152</u>	<u>48,337</u>
Excess (deficiency) of revenues over expenditures	(126,000)	(112,430)	13,570	29,714
Fund balance, beginning	<u>272,590</u>	<u>272,590</u>	-	<u>242,876</u>
Fund balance, ending	<u>\$ 146,590</u>	<u>\$ 160,160</u>	<u>\$ 13,570</u>	<u>\$ 272,590</u>

CITY OF ABBEVILLE, LOUISIANA

Debt Service Fund

2002 CERTIFICATES OF INDEBTEDNESS FUND – To accumulate funds for payment of the principal and interest on the 2002 Certificates of Indebtedness.

CITY OF ABBEVILLE, LOUISIANA
Debt Service Fund
2002 Certificates of Indebtedness Debt Service Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Interest bearing deposits	\$ 127,882	\$ 120,276
Total assets	<u>\$ 127,882</u>	<u>\$ 120,276</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 518	\$ -
Fund balance		
Reserved for debt service	<u>127,364</u>	<u>120,276</u>
Total liabilities and fund balance	<u>\$ 127,882</u>	<u>\$ 120,276</u>

CITY OF ABBEVILLE, LOUISIANA
Debt Service Fund
2002 Certificates of Indebtedness Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Other revenues -				
Interest on investments	\$ 1,000	\$ 922	\$ (78)	\$ 2,777
Expenditures:				
Debt principal	165,000	165,000	-	160,000
Interest	54,000	54,823	(823)	61,976
Professional fees	8,500	8,843	(343)	-
Paying agent fees	500	1,333	(833)	105
Total expenditures	<u>228,000</u>	<u>229,999</u>	<u>(1,999)</u>	<u>222,081</u>
Deficiency of revenues over expenditures	(227,000)	(229,077)	(2,077)	(219,304)
Other financing sources:				
Proceeds of refunding certificates	988,000	988,000	-	-
Payment of refunding certificates	(975,000)	(975,000)	-	-
Operating transfer in	220,000	223,165	3,165	215,771
Total other financing sources	<u>233,000</u>	<u>236,165</u>	<u>3,165</u>	<u>215,771</u>
Excess (deficiency) of revenues and other financing sources over expenditures	6,000	7,088	1,088	(3,533)
Fund balance, beginning	<u>120,276</u>	<u>120,276</u>	-	<u>123,809</u>
Fund balance, ending	<u>\$ 126,276</u>	<u>\$ 127,364</u>	<u>\$ 1,088</u>	<u>\$ 120,276</u>

CITY OF ABBEVILLE, LOUISIANA

Capital Projects Funds

AIRPORT IMPROVEMENT PROGRAM – To account for improvement projects at the Abbeville Chris Crusta Memorial Airport. This project is financed with federal grant funds and state grant funds

FEMA FLOOD HAZARD MITIGATION – To account for the purchase of a residence and property that has repeatedly flooded. This project is financed with federal FEMA grant funds.

CITY OF ABBEVILLE, LOUISIANA
Capital Projects Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	Airport Improvement Program	FEMA Flood Hazard Mitigation	Totals	
			2002	2001
ASSETS				
Cash	\$ 61,669	\$ 5,187	\$ 66,856	\$ -
Due from other funds	-	-	-	203,761
Due from other governments	<u>2,265</u>	<u>-</u>	<u>2,265</u>	<u>115,759</u>
 Total assets	 <u>\$ 63,934</u>	 <u>\$ 5,187</u>	 <u>\$ 69,121</u>	 <u>\$ 319,520</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 310,137
Retainage payable	22,652	-	22,652	5,180
Deferred revenue	41,282	-	41,282	-
Due to other funds	-	2,012	2,012	4,203
Due to other governments	<u>-</u>	<u>3,175</u>	<u>3,175</u>	<u>-</u>
Total liabilities	63,934	5,187	69,121	319,520
Fund Balance:				
Reserved for capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balance	 <u>\$ 63,934</u>	 <u>\$ 5,187</u>	 <u>\$ 69,121</u>	 <u>\$ 319,520</u>

CITY OF ABBEVILLE, LOUISIANA
Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	Airport Improvement Program	FEMA Flood Hazard Mitigation	Totals	
			2002	2001
REVENUES:				
Intergovernmental -				
Federal grant	\$ 161,333	\$ 102,628	\$ 263,961	\$ 1,091,756
State grant	17,926	-	17,926	10,197
Total revenues	<u>179,259</u>	<u>102,628</u>	<u>281,887</u>	<u>1,101,953</u>
EXPENDITURES:				
Administration	4,534	13,240	17,774	24,000
Capital outlay	174,725	89,388	264,113	1,461,489
Total expenditures	<u>179,259</u>	<u>102,628</u>	<u>281,887</u>	<u>1,485,489</u>
Excess (deficiency) of revenue over expenditures	-	-	-	(383,536)
OTHER FINANCING SOURCES:				
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,536</u>
Excess of revenues and other financing sources over expenditures	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ABBEVILLE, LOUISIANA
Capital Projects Fund
Airport Improvement Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	2002		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Intergovernmental -			
Federal grant	\$ 250,000	\$ 161,333	\$ (88,667)
State grant	67,000	17,926	(49,074)
Total revenues	<u>317,000</u>	<u>179,259</u>	<u>(137,741)</u>
Expenditures:			
Administration	17,000	4,534	12,466
Capital outlay	<u>300,000</u>	<u>174,725</u>	<u>125,275</u>
Total expenditures	<u>317,000</u>	<u>179,259</u>	<u>137,741</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ABBEVILLE, LOUISIANA
Capital Projects Fund
FEMA Flood Hazard Mitigation Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2002

	2002		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Intergovernmental -			
Federal grant	\$ 100,000	\$ 102,628	\$ 2,628
Expenditures:			
Administration	12,000	13,240	(1,240)
Capital outlay	88,000	89,388	(1,388)
Total expenditures	<u>100,000</u>	<u>102,628</u>	<u>(2,628)</u>
Excess of revenues over expenditures	-	-	-
Other financing sources (uses):			
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF ABBEVILLE, LOUISIANA

Enterprise Fund

UTILITY SYSTEM FUND – To account for the provisions of electric, water and sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Current assets:		
Cash	\$ 40,436	\$ 30,917
Interest-bearing deposits	417,631	631,052
Accounts receivable -		
Customers' utility	1,509,818	1,300,345
Other	121	-
Due from other governments	1,611,192	-
Inventory	146,052	152,976
	<u>3,725,250</u>	<u>2,115,290</u>
Restricted assets:		
Refunding bonds sinking fund -		
Interest-bearing deposits	65,229	85,475
Refunding bonds capital additions and		
contingencies fund -		
Interest-bearing deposits	250,000	-
Investments	-	250,000
Customers' deposits -		
Interest bearing deposits	36,000	27,000
Investments	400,000	400,000
Total restricted assets	<u>751,229</u>	<u>762,475</u>
Property, plant and equipment:		
Property, plant and equipment at cost,		
net of accumulated depreciation		
(2002 - \$18,395,613; 2001 - \$17,561,103)	12,106,687	11,303,070
Total property, plant and equipment	<u>12,106,687</u>	<u>11,303,070</u>
 Total assets	 <u>\$ 16,583,166</u>	 <u>\$ 14,180,835</u>
		(continued)

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Balance Sheet - Continued
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current Liabilities (payable from current assets)		
Accounts payable	\$ 1,181,882	\$ 408,251
State sales tax payable	27,964	26,220
Accrued salaries payable	30,929	48,480
Other accrued liabilities	7,966	7,473
Capital lease payable	9,581	9,039
Note payable	500,000	-
Total current liabilities (payable from current assets)	<u>1,758,322</u>	<u>499,463</u>
Current Liabilities (payable from restricted assets) -		
Refunding bonds payable, net of unamortized loss on early retirement 2002 - \$37,814; 2001 - \$37,814	642,186	612,186
Accrued interest payable	3,076	5,472
Customers' deposits	435,817	426,088
Total current liabilities (payable from restricted assets)	<u>1,081,079</u>	<u>1,043,746</u>
Long-term liabilities:		
Refunding bonds payable, net of unamortized loss on early retirement 2002 - \$34,662; 2001 - \$72,476	100,338	742,524
Capital lease payable	-	9,581
Advances from other funds	460,000	520,000
Total long-term liabilities	<u>560,338</u>	<u>1,272,105</u>
Total liabilities	<u>3,399,739</u>	<u>2,815,314</u>
Fund equity:		
Contributed capital -		
Municipality	7,426,337	6,534,096
Federal grants	5,118,652	5,269,603
State grants and donations	15,458	11,687
Retained earnings - (deficit)		
Unreserved	622,980	(449,865)
Total fund equity	<u>13,183,427</u>	<u>11,365,521</u>
Total liabilities and fund equity	<u>\$ 16,583,166</u>	<u>\$ 14,180,835</u>

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services -		
Electric sales and related charges	\$ 10,487,726	\$ 11,168,673
Water sales	1,046,520	1,046,497
Sewer services	631,174	625,242
Other revenues	172,458	189,444
Total operating revenues	<u>12,337,878</u>	<u>13,029,856</u>
Operating expenses:		
Electric power purchased	5,863,086	6,552,155
Electric department expenses	987,031	668,839
Water department expenses	793,225	821,864
Sewer department expenses	560,893	585,386
General and administrative expenses	433,133	463,772
Depreciation expense	834,513	806,774
Total operating expenses	<u>9,471,881</u>	<u>9,898,790</u>
Operating income	<u>2,865,997</u>	<u>3,131,066</u>
Nonoperating revenues (expenses):		
Grants	1,611,192	-
Interest income	22,704	46,970
Interest expense	(102,168)	(129,629)
Paying agents fees	(1,002)	(1,002)
Total nonoperating revenues (expenses)	<u>1,530,726</u>	<u>(83,661)</u>
Income before operating transfers	<u>4,396,723</u>	<u>3,047,405</u>
Operating transfers in (out)		
Operating transfers in	758,958	762,839
Operating transfers out	(4,230,016)	(4,059,381)
Total operating transfers in (out)	<u>(3,471,058)</u>	<u>(3,296,542)</u>
Net income (loss)	925,665	(249,137)
Add: Depreciation on fixed assets acquired by capital grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>147,180</u>	<u>130,430</u>
Increase (decrease) in retained earnings	1,072,845	(118,707)
Retained earnings (deficit), beginning	<u>(449,865)</u>	<u>(331,158)</u>
Retained earnings (deficit), ending	<u>\$ 622,980</u>	<u>\$ (449,865)</u>

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 2,865,997	\$ 3,131,066
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	834,513	806,774
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(209,473)	215,004
(Increase) decrease in other receivables	(121)	7,111
Decrease in inventory	6,924	32,141
Increase (decrease) in accounts payable	773,631	(134,598)
Increase in state sales tax payable	1,744	816
Increase (decrease) in accrued salaries payable	(17,551)	21,972
Increase (decrease) in other accrued liabilities	493	(671)
(Decrease) in due to other funds	-	(30,000)
Total adjustments	<u>1,390,160</u>	<u>918,549</u>
Net cash provided by operating activities	<u>4,256,157</u>	<u>4,049,615</u>
Cash flows from noncapital financing activities:		
Advances (repayment) to other funds	(60,000)	520,000
Proceeds from loan	500,000	-
Operating transfers in from other funds	758,958	762,839
Operating transfers out to other funds	<u>(4,230,016)</u>	<u>(4,059,381)</u>
Net cash used by noncapital financing activities	<u>(3,031,058)</u>	<u>(2,776,542)</u>
Cash flows from capital and related financing activities:		
Acquisition of plant and equipment	(1,638,128)	(1,576,941)
Principal paid on revenue bond maturities	(650,000)	(615,000)
Interest paid on revenue bonds	(65,668)	(92,420)
Principal paid on capital lease	(9,039)	(8,500)
Interest paid on capital lease	(1,083)	(1,624)
Increase in customer meter deposits	9,729	12,983
Capital contributed from municipality and other government entities	892,240	1,545,801
Paying agents' fees	<u>(1,002)</u>	<u>(1,002)</u>
Net cash used by capital and related financing activities	<u>(1,462,951)</u>	<u>(736,703)</u>

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows – Continued
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from investing activities:		
Redemption of investments	\$ 250,000	\$ 25,000
Interest on interest-bearing deposits and investments	<u>22,704</u>	<u>46,970</u>
Net cash provided by investing activities	<u>272,704</u>	<u>71,970</u>
Net increase in cash and cash equivalents	34,852	608,340
Cash and cash equivalents, beginning	<u>774,444</u>	<u>166,104</u>
Cash and cash equivalents, ending	<u><u>\$ 809,296</u></u>	<u><u>\$ 774,444</u></u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning:		
Cash - unrestricted	\$ 30,917	\$ 23,373
Interest-bearing deposits - unrestricted	631,052	66,585
Interest-bearing deposits - unrestricted	<u>112,475</u>	<u>76,146</u>
Total cash and cash equivalents	<u><u>\$ 774,444</u></u>	<u><u>\$ 166,104</u></u>
Cash and cash equivalents, ending:		
Cash - unrestricted	\$ 40,436	\$ 30,917
Interest-bearing deposits - unrestricted	417,631	631,052
Interest-bearing deposits - restricted	<u>351,229</u>	<u>112,475</u>
Total cash and cash equivalents	<u><u>\$ 809,296</u></u>	<u><u>\$ 774,444</u></u>
		(concluded)

CITY OF ABBEVILLE, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Statement of Other Revenues
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Other revenues:		
Penalties	\$ 121,249	\$ 136,401
Reconnection fees	26,770	30,480
Electric permits	3,670	3,375
Water and sewerage permits	8,932	7,578
Other sources	<u>11,837</u>	<u>11,610</u>
Total other revenues	<u>\$ 172,458</u>	<u>\$ 189,444</u>

CITY OF ABBEVILLE, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Statement of Operating Expenses
For the Years Ended December 31, 2002 and 2001

	2002	2001
Electric department (excluding electric power purchased):		
Salaries	\$ 220,114	\$ 244,886
Employees' insurance	47,988	59,684
Payroll taxes	18,064	16,727
Retirement	7,851	7,636
General insurance	118,456	120,922
Equipment operating expense	35,946	32,345
Maintenance and repairs - system	212,849	129,187
Materials and supplies	36,720	48,652
Miscellaneous	21,700	8,800
Depreciation	270,006	277,439
Storm expenses	267,343	-
Total electric department	<u>\$ 1,257,037</u>	<u>\$ 946,278</u>
Water department:		
Salaries	\$ 305,058	\$ 296,017
Employees' insurance	62,524	75,142
Payroll taxes	22,918	22,999
Retirement	10,898	9,553
General insurance	86,426	88,698
Equipment operating expense	21,180	28,061
Maintenance and repairs - system	56,080	75,747
Electricity for pumps	16,219	8,573
Utilities	104,898	115,556
Materials and supplies	89,411	79,883
Miscellaneous	17,613	21,635
Depreciation	118,528	113,964
Total water department	<u>\$ 911,753</u>	<u>\$ 935,828</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses – Continued
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Sewerage department:	\$ 175,155	\$ 171,357
Salaries	38,387	58,483
Employee's insurance	13,345	13,977
Payroll taxes	7,583	8,152
Retirement	70,464	76,530
General insurance	22,239	17,852
Equipment operating expense	49,729	70,193
Maintenance and repairs - system	49,649	51,869
Electricity for pumps	97,183	84,869
Utilities	25,477	26,515
Materials and supplies	11,682	5,589
Miscellaneous	386,530	353,278
Depreciation	<u>\$ 947,423</u>	<u>\$ 938,664</u>
Total sewerage department		
 General and administrative:	 \$ 203,463	 \$ 218,624
Salaries	66,238	68,352
Employees' insurance	14,782	15,693
Payroll taxes	9,926	9,359
Retirement	16,303	16,994
General insurance	4,953	6,261
Equipment operating expense	15,960	16,345
Accounting services	35,442	37,205
Office expense	13,054	13,356
Utilities	39,618	54,058
Bad debts	13,394	7,525
Miscellaneous	59,449	62,093
Depreciation	<u>\$ 492,582</u>	<u>\$ 525,865</u>
Total general and administrative		(concluded)

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
For the Year Ended December 31, 2002

	Capital Additions And Contingencies Fund	1998 Refunding Bonds Sinking Fund	Cash With Paying Agents	Total
Cash and investments, December 31, 2001	<u>\$ 250,000</u>	<u>\$ 85,475</u>	<u>\$ -</u>	<u>\$ 335,475</u>
Cash receipts:				
Transfer from operating account	-	715,753	-	715,753
Transfer from sinking fund	-	-	715,668	715,668
Interest on investments	<u>10,166</u>	<u>3,187</u>	<u>-</u>	<u>13,353</u>
Total cash receipts	<u>10,166</u>	<u>718,940</u>	<u>715,668</u>	<u>1,444,774</u>
Total cash and investments available	<u>260,166</u>	<u>804,415</u>	<u>715,668</u>	<u>1,780,249</u>
Cash disbursements:				
Principal payments	-	-	650,000	650,000
Interest payments	-	-	65,668	65,668
Paying agents fees	-	1,002	-	1,002
Transfers to paying agents	-	715,668	-	715,668
Transfer to operating account	<u>10,166</u>	<u>22,516</u>	<u>-</u>	<u>32,682</u>
Total cash disbursements	<u>10,166</u>	<u>739,186</u>	<u>715,668</u>	<u>1,465,020</u>
Cash and investments, December 31, 2002	<u>\$ 250,000</u>	<u>\$ 65,229</u>	<u>\$ -</u>	<u>\$ 315,229</u>

CITY OF ABBEVILLE, LOUISIANA

Internal Service Funds

RISK MANAGEMENT FUND – To account for the accumulation of funds designated for payment of liability insurance premiums, costs of the risk management department and satisfaction of claims made against the City.

EMPLOYEE HEALTH INSURANCE FUND – To account for the accumulation of funds from self-insurance sources and from employees dedicated to the payment of health insurance premiums and the satisfaction of health care claims made by employees and their dependents.

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2002	2001
ASSETS				
Current assets:				
Interest-bearing deposits	\$ 208,896	\$ 214,216	\$ 423,112	\$ 189,693
Investments	50,000	-	50,000	50,000
Receivables:				
Other	29,350	39,003	68,353	297,945
Due from other funds	-	-	-	4,854
Prepaid expenses	63,333	-	63,333	62,725
Total assets	<u>\$ 351,579</u>	<u>\$ 253,219</u>	<u>\$ 604,798</u>	<u>\$ 605,217</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 244,820	\$ 101,357	\$ 346,177	\$ 553,907
Accrued salaries payable	2,061	-	2,061	1,559
Other accrued liabilities	575	-	575	507
Total liabilities	247,456	101,357	348,813	555,973
Fund equity:				
Retained earnings - designated for claims	<u>104,123</u>	<u>151,862</u>	<u>255,985</u>	<u>49,244</u>
Total liabilities and fund equity	<u>\$ 351,579</u>	<u>\$ 253,219</u>	<u>\$ 604,798</u>	<u>\$ 605,217</u>

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2002	2001
Operating revenues:				
Charges for services - Premiums	\$ 942,219	\$ 1,162,166	\$ 2,104,385	\$ 2,208,235
Other revenues - Subrogation recoveries	65,945	441,480	507,425	514,658
Total operating revenues	<u>1,008,164</u>	<u>1,603,646</u>	<u>2,611,810</u>	<u>2,722,893</u>
Cost of services rendered:				
Claims	68,802	1,212,591	1,281,393	1,574,675
Administrative costs:				
Legal fees	104,361	-	104,361	139,354
Consultants	10,400	-	10,400	24,200
Salaries	54,082	-	54,082	48,853
Employee insurance	7,315	-	7,315	7,281
Payroll taxes	4,022	-	4,022	3,642
Retirement	2,513	-	2,513	2,161
Other insurance	643,696	285,866	929,562	949,417
Equipment operating expenses	1,394	-	1,394	1,148
Schools and conventions	3,155	-	3,155	897
Office supplies	823	-	823	1,372
Telephone	1,663	-	1,663	2,039
Miscellaneous	8,238	-	8,238	1,951
Total cost of services rendered	<u>910,464</u>	<u>1,498,457</u>	<u>2,408,921</u>	<u>2,756,990</u>
Operating income (loss)	97,700	105,189	202,889	(34,097)
Nonoperating revenues:				
Interest income	<u>2,141</u>	<u>725</u>	<u>2,866</u>	<u>9,086</u>
Income (loss) before operating transfers	99,841	105,914	205,755	(25,011)
Operating transfers in	<u>986</u>	<u>-</u>	<u>986</u>	<u>813</u>
Net income (loss)	100,827	105,914	206,741	(24,198)
Retained earnings, beginning	<u>3,296</u>	<u>45,948</u>	<u>49,244</u>	<u>73,442</u>
Retained earnings, ending	<u>\$ 104,123</u>	<u>\$ 151,862</u>	<u>\$ 255,985</u>	<u>\$ 49,244</u>

CITY OF ABBEVILLE, LOUISIANA
Internal Service Funds

Combining Statement of Cash Flows
For the Year Ended December 31, 2002
With Comparative Totals for the Year Ended December 31, 2001

	Risk Management Fund	Employee Health Insurance Fund	Totals	
			2002	2001
Cash flows from operating activities:				
Operating income (loss)	\$ 97,700	\$ 105,189	\$ 202,889	\$ (34,097)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Changes in current assets and liabilities				
(Increase) decrease in accounts receivable	(12,685)	242,277	229,592	(235,710)
Decrease in due from other funds	-	4,854	4,854	46,146
(Increase) decrease in prepaid expenses	(608)	-	(608)	3,041
Increase (decrease) in accounts payable	(9,479)	(198,251)	(207,730)	146,002
Increase in accrued salaries payable	502	-	502	305
Increase in other accrued liabilities	68	-	68	17
Total adjustments	<u>(22,202)</u>	<u>48,880</u>	<u>26,678</u>	<u>(40,199)</u>
Net cash provided (used) by operating activities	75,498	154,069	229,567	(74,296)
Cash flows from noncapital financing activities:				
Operating transfers in from other funds	986	-	986	813
Cash flows from investing activities:				
Interest collected on interest-bearing deposits	2,141	725	2,866	9,086
Redemption of investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net cash provided by investing activities	2,141	725	2,866	209,086
Net increase in cash and cash equivalents	78,625	154,794	233,419	135,603
Cash and cash equivalents, beginning	<u>130,271</u>	<u>59,422</u>	<u>189,693</u>	<u>54,090</u>
Cash and cash equivalents, ending	<u>\$ 208,896</u>	<u>\$ 214,216</u>	<u>\$ 423,112</u>	<u>\$ 189,693</u>

CITY OF ABBEVILLE, LOUISIANA

Agency Fund

PAYROLL FUND – To account for the payment of the City payroll and disbursement of all withholdings.
Monies are provided by the various funds which incurred the salaries expense.

CITY OF ABBEVILLE, LOUISIANA
Agency Fund
Payroll Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash	\$ -	\$ -
Interest-bearing deposits	46,034	56,284
Due from other funds	<u>5,263</u>	<u>-</u>
Total assets	<u>\$ 51,297</u>	<u>\$ 56,284</u>
LIABILITIES		
Accrued liabilities	\$ 51,297	\$ 50,464
Due to other funds	<u>-</u>	<u>5,820</u>
Total liabilities	<u>\$ 51,297</u>	<u>\$ 56,284</u>

CITY OF ABBEVILLE, LOUISIANA

Agency Fund

Payroll Fund

Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
ASSETS				
Cash	\$ -	\$ 4,117,556	\$ 4,117,556	\$ -
Interest-bearing deposits	56,284	1,304,301	1,314,551	46,034
Due from other funds	-	5,263	-	5,263
	<u>-</u>	<u>5,263</u>	<u>-</u>	<u>5,263</u>
Total assets	<u>\$ 56,284</u>	<u>\$ 5,427,120</u>	<u>\$ 5,432,107</u>	<u>\$ 51,297</u>
LIABILITIES				
Accrued liabilities	\$ 50,464	\$ 2,730,369	\$ 2,729,536	\$ 51,297
Due to other funds	5,820	4,123,732	4,129,552	-
	<u>5,820</u>	<u>4,123,732</u>	<u>4,129,552</u>	<u>-</u>
Total liabilities	<u>\$ 56,284</u>	<u>\$ 6,854,101</u>	<u>\$ 6,859,088</u>	<u>\$ 51,297</u>

CITY OF ABBEVILLE, LOUISIANA

General Fixed Assets Account Group

To account for fixed assets not used in proprietary fund operations.

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of General Fixed Assets
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
General fixed assets, at cost:		
Land	\$ 622,229	\$ 519,601
Buildings	2,543,738	2,543,738
Improvements other than buildings	10,684,273	10,679,867
Equipment	<u>3,040,356</u>	<u>2,734,803</u>
Total general fixed assets	<u>\$ 16,890,596</u>	<u>\$ 16,478,009</u>
Investment in general fixed assets:		
Property acquired prior to 1/1/75 *	\$ 4,742,077	\$ 4,789,040
Property acquired after 1/1/75* from -		
General fund revenues	505,539	468,847
Sales tax revenues	5,439,735	5,332,186
Ad valorem tax revenues	262,850	262,850
Revenue sharing funds	775,547	775,547
Capital projects fund revenues and transfers	720,606	720,606
Vermilion Parish Police Jury fire protection revenue	923,812	739,056
State grants	348,602	348,602
Federal grants	3,116,828	2,986,275
Donations	<u>55,000</u>	<u>55,000</u>
Total investment in general fixed assets	<u>\$ 16,890,596</u>	<u>\$ 16,478,009</u>

* Records reflecting source from which assets were acquired were not maintained prior to 1/1/75.

CITY OF ABBEVILLE, LOUISIANA

Statement of Changes in General Fixed Assets
For the Year Ended December 31, 2002

	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General fixed assets, December 31, 2001	<u>\$ 519,601</u>	<u>\$ 2,543,738</u>	<u>\$ 10,679,867</u>	<u>\$ 2,734,803</u>	<u>\$ 16,478,009</u>
Additions:					
Sales tax revenue	-	-	4,406	296,358	300,764
Federal grants	102,628	-	-	27,925	130,553
State grants	-	-	-	-	-
General fund revenue	-	-	-	39,826	39,826
Vermilion Parish Police Jury Fire protection revenue	-	-	-	-	-
Total additions	<u>102,628</u>	<u>-</u>	<u>4,406</u>	<u>364,109</u>	<u>471,143</u>
Total balances and additions	622,229	2,543,738	10,684,273	3,098,912	16,949,152
Deductions:					
Assets disposed of	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,556)</u>	<u>(58,556)</u>
General fixed assets, December 31, 2002	<u>\$ 622,229</u>	<u>\$ 2,543,738</u>	<u>\$ 10,684,273</u>	<u>\$ 3,040,356</u>	<u>\$ 16,890,596</u>

CITY OF ABBEVILLE, LOUISIANA

General Long-Term Debt Account Group

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

CITY OF ABBEVILLE, LOUISIANA

Comparative Statement of General Long-Term Debt
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Amount Available and to Be Provided for the Retirement of General Long Term Debt		
Amount available in debt service fund for debt retirement	\$ 127,364	\$ 120,276
Amount to be provided for general long-term debt	<u>1,120,906</u>	<u>1,631,879</u>
Total Available and To Be Provided	<u>\$ 1,248,270</u>	<u>\$ 1,752,155</u>
General Long-term Debt Payable		
Compensated absences payable	\$ 260,270	\$ 612,155
Certificates of indebtedness payable	<u>988,000</u>	<u>1,140,000</u>
Total General Long-term Debt	<u>\$ 1,248,270</u>	<u>\$ 1,752,155</u>

**INTERNAL CONTROL, COMPLIANCE AND
OTHER GRANT INFORMATION**



Darnall, Sikes & FrederickSM

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and On Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

We have audited the primary government financial statements of the City of Abbeville, Louisiana, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 22, 2003. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Abbeville, Louisiana's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of primary government financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying summary schedule of current audit findings as item 2002-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Abbeville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition

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in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Abbeville, Louisiana, in a separate letter dated February 20, 2003.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 22, 2003



Darnall, Sikes & FrederickSM

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

Compliance

We have audited the compliance of the City of Abbeville, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2002. The City of Abbeville, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Abbeville, Louisiana's management. Our responsibility is to express an opinion on the City of Abbeville, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Abbeville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Abbeville's compliance with those requirements.

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In our opinion, the City of Abbeville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the City of Abbeville, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Abbeville, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 22, 2003

CITY OF ABBEVILLE, LOUISIANA

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2002

<u>Federal Grantor/Pass Through Grantor/ Program Name</u>	<u>CFDA #</u>	<u>Identifying Number</u>	<u>Expenditures</u>
United States Department of Agriculture Food and Nutrition Service Passed through Louisiana Department of Education Summer Food Service Program For Children	10.559	FY2001	\$ 23,722
United States Department of Justice Office of Justice Programs Passed through Louisiana Commission on Law Enforcement Byrne Formula Grant Program Drug Abuse Resistance Education Program	16.579	E02-4-008	3,519
Integrated Criminal Apprehension	16.579	B01-4-011	12,719
Integrated Criminal Apprehension	16.579	B02-4-011	7,459
Local Law Enforcement Block Grant	16.592	2002-LB-BX-1475	20,490
United States Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106	3-22-0001-07	161,333
National Highway Traffic Safety Administration Passed through Louisiana Highway Safety Commission State and Community Highway Safety Grant Safe and Sober Campaign	20.600	P-0000191-15	1,050
Act 562 Grant	20.600	P01-4-024502	3,332
United States Federal Emergency Management Agency Passed through Louisiana Office of Emergency Preparedness Assistance to Firefighters Grant Program	83.554	EMW-2001-FG-16265	68,037
Hazard Mitigation Grant Program	83.548	HMGP 1380-113-0001	102,628
Public Assistance Grant - Hurricane Lili	83.544	113-00100-00	<u>1,398,387</u>
Total			<u>\$ 1,802,676</u>

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2002

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the City of Abbeville, Louisiana's financial statements as of and for the year ended December 31, 2002.

Reportable Conditions – Financial Reporting

No reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

Instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements and are shown as item 2002-1 on the summary schedule of current audit findings.

FEDERAL AWARDS

Major Program Identification

The City of Abbeville, Louisiana at December 31, 2002 had one federal program which was audited as a major program: FEMA – Public Assistance Grant which received funds from the Federal Emergency Management Agency.

Low-Risk Auditee

The City of Abbeville, Louisiana is not considered a low-risk auditee for the year ended December 31, 2002.

Major Program-Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2002.

CITY OF ABBEVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2002

Auditor's Report-Major Programs

An unqualified opinion has been issued on the City of Abbeville, Louisiana's compliance for its major program as of and for the year ended December 31, 2002.

Reportable Conditions-Major Programs

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Findings Related to Major Programs

The audit did not disclose any material non-compliance or questioned costs relative to the major programs.

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

See compliance finding 2002-1 on the summary schedule of current audit findings.

PART 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

There are no findings and questioned costs related to federal programs.

CITY OF ABBEVILLE, LOUISIANA

Summary Schedule of Current Audit Findings and
Corrective Action Plan
For the Year Ended December 31, 2002

<u>Reference No.</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
<u>Compliance</u>	<u>Violations of Revenue Refunding Restrictions</u>	
<u>2002-1</u>	<u>Finding:</u>	
	(1) The City is not operating each individual division of the Utility System profitably which is a violation of Section 8.1(b) of the 1998 Bond Resolution.	No
	(2) The City is not always adhering to requirements of Section 8.2 Paragraph 2 regarding termination of service to customers with delinquent balances.	Partial
<u>Mgmt Letter</u>	<u>Physical Safeguards Over Assets</u>	
ML (1)	The lock on the rear sliding door of the utility building is broken and ineffective.	Yes
ML (2)	The City's purchasing agent is concerned that there is a high probability that unauthorized duplicate keys to the building exist.	Yes
ML (3)	The City's purchasing agent has informed us that City employees as well as the crews of independent contractors have access to the materials in inventory without requiring the presence of personnel responsible for inventory maintenance.	Yes
	<u>Physical Inventory Procedure</u>	
ML (4)	There was no physical inventory count as of the City's fiscal year end, December 31, 2002. Instead the physical count was performed during the last week of January 2003.	Yes
	<u>Timeliness of Financial Reporting</u>	
ML (5)	Discussions with accounting staff indicate that documentation supporting the monthly inventory charge-outs is not being submitted by the purchasing department to the accounting department in a timely manner. The supporting documentation for charge-outs during November and December was not submitted to the accounting department until February 19, 2003.	Partial

<u>Corrective Action Plan</u>	<u>Contact Person</u>	<u>Anticipated Date of Completion</u>
(1) The City's Utility System as a whole is able to produce sufficient operating income to meet its debt service requirements, therefore, no changes to the City's rates are required. We will however continue to actively engage in efforts to reduce operating costs.	Mark Piazza	June 9, 2003
(2) The City has an ordinance which provides guidelines for termination of utility service. This ordinance is applied in the vast majority of situations, however, there are still instances where compassion and good sense allow for departures from this policy.	Mark Piazza	June 9, 2003
(1) All locks have been repaired.	Mark Piazza	June 9, 2003
(2) All keys have been picked up. Only the Purchasing Agent, Utility Maintenance Supervisor and Electrical Supervisor have keys to the warehouse and access to inventory. Also, all locks are in the process of being re-keyed to assure only the three individuals named above have current keys.	Mark Piazza	June 9, 2003
(3) By limiting the number of keys this will control the access to inventory.	Mark Piazza	June 9, 2003
(4) In the future, it shall be the purchasing agent's responsibility to make sure a physical count of the inventory shall be made at year end in a timely fashion.	Mark Piazza	June 9, 2003
(5) The purchase order system will be moved to the accounting office effective July 1, 2003. This will allow the staff already at the utility warehouse to be trained to compile the inventory receipts and charge outs in a more timely manner.	Mark Piazza	July 31, 2003

CITY OF ABBEVILLE, LOUISIANA

Schedule of Prior Year Findings
For the Year Ended December 31, 2002

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2001-1 Advances of Dedicated Sales Tax to Utility Fund

Finding: During the year 2001, dedicated Sales Tax Funds totaling \$500,000 were advanced to the Utility Fund. These advances were not in compliance with the restrictions on the use of these dedicated Special Revenue Funds.

Status: This finding is resolved.

2001-2 Violations of Revenue Refunding Bond Restrictions

Finding: (1) The City is not operating each individual division of the Utility System profitably which is a violation of Section 8.1(b) of the 1998 Bond Resolution.

(2) The City is not always adhering to requirements of Section 8.2 Paragraph 2 regarding termination of service to customers with delinquent balances.

Status: These findings are unresolved. See current year finding 2002-1.

2001-3 Violation of Budget Law

Finding: Expenditures of the Sales Tax Fund exceeded budgeted appropriations by an amount in excess of five percent, which is a violation of Louisiana Revised Statute 39:1310.

Status: This finding is resolved.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings.

SECTION III MANAGEMENT LETTER

No management letter was issued.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ABBEVILLE, LOUISIANA

Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2002

Records maintained by the City indicated the following number of customers were being served during the month of December, 2002:

Department

Electric (metered)	5,134
Water (metered)	4,947
Sewerage	5,393

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses
For the Years Ended December 31, 2002 and 2001

	Electric		Water	
	2002	2001	2002	2001
Operating revenues:				
Charges for services	\$ 10,487,726	\$ 11,168,673	\$ 1,046,520	\$ 1,046,497
Other revenues	138,297	164,779	21,153	15,440
Total operating revenues	<u>10,626,023</u>	<u>11,333,452</u>	<u>1,067,673</u>	<u>1,061,937</u>
Operating expenses:				
Salaries	220,114	244,886	305,058	296,017
Employees' insurance	47,988	59,684	62,524	75,142
Payroll taxes	18,064	16,727	22,918	22,999
Retirement	7,851	7,636	10,898	9,553
General insurance	118,456	120,922	86,426	88,698
Equipment operating expense	35,946	32,345	21,180	28,061
Maintenance and repairs - Systems	212,849	129,187	56,080	75,747
Electricity for pumps	-	-	16,219	8,573
Utilities	-	-	104,898	115,556
Materials, tools and supplies	36,720	48,652	89,411	79,883
Electric power purchased	5,863,086	6,552,155	-	-
Professional services	-	-	-	-
Office expense, postage and computer processing	-	-	-	-
Bad debts and collection fees	-	-	-	-
Miscellaneous	21,700	8,800	17,613	21,635
Depreciation	270,006	277,439	118,528	113,964
Storm expenses	267,343	-	-	-
Allocation of general and administrative expenses	<u>197,032</u>	<u>210,345</u>	<u>147,775</u>	<u>157,760</u>
Total operating expenses	<u>7,317,155</u>	<u>7,708,778</u>	<u>1,059,528</u>	<u>1,093,588</u>
Operating income (loss)	<u>\$ 3,308,868</u>	<u>\$ 3,624,674</u>	<u>\$ 8,145</u>	<u>\$ (31,651)</u>

Sewerage		General and Administrative		Totals	
2002	2001	2002	2001	2002	2001
\$ 631,174	\$ 625,242	\$ -	\$ -	\$ 12,165,420	\$ 12,840,412
13,008	9,225	-	-	172,458	189,444
<u>644,182</u>	<u>634,467</u>	<u>-</u>	<u>-</u>	<u>12,337,878</u>	<u>13,029,856</u>
175,155	171,357	203,463	218,624	903,790	930,884
38,387	58,483	66,238	68,352	215,137	261,661
13,345	13,977	14,782	15,693	69,109	69,396
7,583	8,152	9,926	9,359	36,258	34,700
70,464	76,530	16,303	16,994	291,649	303,144
22,239	17,852	4,953	6,261	84,318	84,519
49,729	70,193	-	-	318,658	275,127
49,649	51,869	-	-	65,868	60,442
97,183	84,869	13,054	13,356	215,135	213,781
25,477	26,515	-	-	151,608	155,050
-	-	-	-	5,863,086	6,552,155
-	-	15,960	16,345	15,960	16,345
-	-	35,442	37,205	35,442	37,205
-	-	39,618	54,058	39,618	54,058
11,682	5,589	13,394	7,525	64,389	43,549
386,530	353,278	59,449	62,093	834,513	806,774
-	-	-	-	267,343	-
<u>147,775</u>	<u>157,760</u>	<u>(492,582)</u>	<u>(525,865)</u>	<u>-</u>	<u>-</u>
<u>1,095,198</u>	<u>1,096,424</u>	<u>-</u>	<u>-</u>	<u>9,471,881</u>	<u>9,898,790</u>
<u>\$ (451,016)</u>	<u>\$ (461,957)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,997</u>	<u>\$ 3,131,066</u>

(continued)

CITY OF ABBEVILLE, LOUISIANA
Enterprise Fund
Utility System Fund

Comparative Departmental Analysis of Revenues and Expenses – Continued
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Nonoperating revenues (expenses):		
Grants	\$ 1,611,192	\$ -
Interest income	22,704	46,970
Interest expense and paying agent fees	<u>(103,170)</u>	<u>(130,631)</u>
Total nonoperating revenues (expenses)	<u>1,530,726</u>	<u>(83,661)</u>
 Income before operating transfers	 <u>4,396,723</u>	 <u>3,047,405</u>
 Other financing sources (uses):		
Operating transfers in	758,958	762,839
Operating transfers out	<u>(4,230,016)</u>	<u>(4,059,381)</u>
Total other financing sources (uses)	<u>(3,471,058)</u>	<u>(3,296,542)</u>
 Net income (loss)	 925,665	 (249,137)
 Add: Depreciation on fixed assets acquired by capital grants externally restricted for capital acquisitions and construction that reduces contributed capital	 <u>147,180</u>	 <u>130,430</u>
 Increase (decrease) in retained earnings	 1,072,845	 (118,707)
 Retained earnings (deficit), beginning	 <u>(449,865)</u>	 <u>(331,158)</u>
 Retained earnings (deficit), ending	 <u>\$ 622,980</u>	 <u>\$ (449,865)</u> (concluded)

CITY OF ABBEVILLE, LOUISIANA
All Funds

Combined Schedule of Interest Bearing Deposits
December 31, 2002

	<u>Amount</u>
General Fund:	
Airport Surface Lease Fund	\$ 2,673
Police Bond Fee Account	3,761
Main Street Special Account	4,749
Airway Park Account	16,014
Video Poker Fund	2,731
Holding Facility Commissary Account	12,016
Police Escrow Account	<u>17,451</u>
Total General Fund	<u>59,395</u>
Special Revenue Funds:	
1% Sales Tax Fund	296,809
.25% Sales Tax Fund	45,787
Public Improvement Sewer Fund	57,319
Maintenance and Operation - Fire Department Fund	<u>96,267</u>
Total Special Revenue Funds	<u>496,182</u>
Debt Service Fund:	
1997 Certificates of Indebtedness Sinking Fund	<u>127,882</u>
Total Debt Service Fund	<u>127,882</u>
Enterprise Fund:	
Utility Operating Account	371,790
1998 Refunding Bonds Sinking Fund	65,229
Capital Additions and Contingency Fund	260,166
Utility Customers Deposit Account	<u>71,675</u>
Total Enterprise Fund	<u>768,860</u>
Internal Service Funds:	
Risk Management Fund	208,896
Employee Health Insurance Fund	<u>214,216</u>
Total Internal Service Funds	<u>423,112</u>
Agency Fund:	
Payroll Fund	<u>46,034</u>
Total Agency Fund	<u>46,034</u>
Total interest bearing deposits - all funds	<u>\$ 1,921,465</u>

CITY OF ABBEVILLE, LOUISIANA
All Funds

Combined Schedule of Investments
December 31, 2002

<u>Institution</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Bank of Abbeville	32 Days	1/21/03	0.92%	\$ 256,500
Gulf Coast Bank	32 Days	1/21/03	0.92%	141,750
Hibernia National Bank	32 Days	1/21/03	0.92%	141,750
Bank of Abbeville	182 Days	4/24/03	2.25%	<u>125,000</u>
				<u>\$ 665,000</u>

CITY OF ABBEVILLE, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2002

Coverage		Coverage Amounts	Insurer	Expiration Date
Casualty insurance:				
General liability	(1)	1,000,000	The St. Paul	3/1/03
Law Enforcement Officers Professional liability	(1)	1,000,000	The St. Paul	3/1/03
Auto liability	(1)	1,000,000	The St. Paul	3/1/03
Airport liability	(1)	1,000,000	Westchester	3/1/03
Crime insurance:				
Accounts receivable	(1)	100,000	The St. Paul	3/1/03
Building ordinances or laws	(1)	100,000	The St. Paul	3/1/03
Computer	(1)	50,000	The St. Paul	3/1/03
Extra expense	(1)	25,000	The St. Paul	3/1/03
Fine arts	(1)	50,000	The St. Paul	3/1/03
Fire department service charge	(1)	25,000	The St. Paul	3/1/03
Inventory & appraisals	(1)	10,000	The St. Paul	3/1/03
Money & securities (inside premises)	(1)	10,000	The St. Paul	3/1/03
Money & securities (outside premises)	(1)	5,000	The St. Paul	3/1/03
Newly acquired property - building	(1)	1,000,000	The St. Paul	3/1/03
Newly acquired property - business personal	(1)	500,000	The St. Paul	3/1/03
Outdoor property	(1)	50,000	The St. Paul	3/1/03
Other people's property	(1)	25,000	The St. Paul	3/1/03
Pairs & sets	(1)	25,000	The St. Paul	3/1/03
Personal belongings	(1)	50,000	The St. Paul	3/1/03
Pollution clean up & removal	(1)	25,000	The St. Paul	3/1/03
Property in transit	(1)	50,000	The St. Paul	3/1/03
Temporary location	(1)	50,000	The St. Paul	3/1/03
Valuable records research	(1)	100,000	The St. Paul	3/1/03
Water damage	(1)	50,000	The St. Paul	3/1/03
Property insurance:				
Primary Property Coverage	(1)	1,000,000	The St. Paul	3/1/03
Excess Property Coverage	(1)	16,351,000	The St. Paul	3/1/03
Public officials:				
Public officials & employee liability	(1)	1,000,000	The St. Paul	3/1/03
Boiler and Machinery:				
Boiler and machinery	(2)	50,000,000	Travelers	3/1/03
Time element insurance:				
Extra expense	(1)	100,000	The St. Paul	3/1/03
Other insurance:				
Employee benefit liability	(1)	1,000,000	The St. Paul	3/1/03

(1) \$100,000 self-insured retention for each occurrence

(2) \$1,000 Deductible

CITY OF ABBEVILLE, LOUISIANA

Schedule of Compensation Paid to Members of Governing Board
For the Year Ended December 31, 2002

<u>Name and Office Held</u>		<u>Compensation</u>
R. Brady Broussard, Mayor	(1/02 - 6/02)	\$ 25,470
Mark Piazza, Mayor	(7/02 - 12/02)	22,757
Norman Broussard, Councilman		11,915
Carlton Campbell, Councilman		10,591
Carbett Duhon, Councilman		10,591
Francis Touchet, Councilman	(5/02 - 12/02)	7,192
Pam Gaspard, Councilman	(7/02 - 12/02)	5,588
Mark Piazza, Councilman	(1/02 - 6/02)	5,475
Harold J. Lemaire, Councilman	(1/02 - 3/02)	2,438
Joey Songe, Councilman	(4/02)	<u>839</u>
Total		<u>\$ 102,856</u>



Darnall, Sikes & FrederickSM

(A Corporation of Certified Public Accountants)

February 20, 2003

Honorable Mark Piazza, Mayor
And Members of the City Council
City of Abbeville, Louisiana

As part of our audit, a member of our audit staff visited the City's Utility Building which houses electrical, water and sewer materials as well as other operating supplies. The purpose of our visit was to substantiate the existence of such inventoried materials and to obtain assurances that a reasonably accurate physical count has been performed. In addition, the auditor interviewed the City's purchasing agent in regards to the control procedures and physical safeguards in place as of the audit date, December 31, 2002. We noted certain conditions related to physical safeguards, inventory procedures, and timelines of financial reporting which we would like to bring to your attention so that you may address them in a timely manner.

Physical Safeguards

1. The lock on the rear sliding door of the utility building is broken and ineffective.
2. The City's purchasing agent is concerned that there is a high probability that unauthorized duplicate keys to the building exist.
3. The City's purchasing agent has informed us that City employees as well as the crews of independent contractors have access to the materials in inventory without requiring the presence of personnel responsible for inventory maintenance.

Physical Inventory Procedure

4. There was no physical inventory count as of the City's fiscal year end, December 31, 2002. Instead the physical count was performed during the last week of January 2003.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
Jennifer S. Ziegler, CPA, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Erich G. Loewer, Jr., CPA, CVA

Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX, CPA
Tamera T. Landry, CPA
Raegan D. Stelly, CPA
Julie Templet DeVillier, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA

Other Locations:

125 Rue Beauregard
Lafayette, LA 70508
337.232.3312

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Honorable Mark Piazza, Mayor
And Members of the City Council
Page 2

Timeliness of Financial Reporting

5. Discussions with accounting staff indicate that documentation supporting the monthly inventory charge-outs is not being submitted by the purchasing department to the accounting department in a timely manner. The supporting documentation for charge-outs during November and December was not submitted to the accounting department until February 19, 2003.

These conditions are being brought to your attention so that you may initiate corrective actions prior to the completion and issuance of the audit report. We will include these comments, with your response, in our management letter which will be issued as a separate document with the audit report. Please contact our office with any questions or concerns you may have regarding these conditions.

Sincerely

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants